

By Mr. HILLIARD: Resolutions adopted by the Rocky Mountain district of the Woman's American Baptist Foreign Mission Society, urging prohibition for Hawaii; to the Committee on the Territories.

Also, resolutions adopted by the Amboy Woman's Club, of Amboy, Ill., protesting against increased postage rates on periodicals; to the Committee on Ways and Means.

Also, petition of Gertrude Staats, Mary Hughes, Blanche Smith, Francis Kirby, Anna C. Harrod, Mrs. S. W. Albone, Bertha Selleck, and Maggie Sawdey, all of Denver, Colo., praying for immediate war prohibition; to the Committee on the Judiciary.

By Mr. O'SHAUNESSY: Memorial of the Woonsocket District Medical Society, favoring the Owen bill (S. 3748) and the Dyer bill (H. R. 9563); to the Committee on Military Affairs.

By Mr. TIMBERLAKE: Petition of Mrs. C. E. Mogg and 43 other citizens of Colorado Springs, Colo., protesting against the passage of Senate bill 3746, permitting the running of railroad tracks near the Sibley Hospital; to the Committee on the District of Columbia.

By Mr. VARE: Petition of Philadelphia Chamber of Commerce in favor of bill authorizing prison labor on war work; to the Committee on Labor.

Also, petition of the Philadelphia Maritime Exchange, asking the retention of the pneumatic mail tubes; to the Committee on the Post Office and Post Roads.

By Mr. WOODYARD: Petition of Dr. James R. Bloss, of Huntington, W. Va., editor of the West Virginia Medical Journal, published by the West Virginia State Medical Association, favoring the passage of the Dyer and Owen bills, fixing the grades of the commissioned officers of the Medical Corps, etc.; to the Committee on Military Affairs.

## SENATE.

TUESDAY, April 2, 1918.

The Right Honorable and Most Reverend the Lord Archbishop of York (Cosmo Gordon Lang), Primate of England and Metropolitan, offered the following prayer:

Let us pray. O Almighty and Eternal Lord God, Thou strong tower to all them that put their trust in Thee, to whom all things in heaven and earth do bow and obey, we beseech Thee to hear the prayers of Thy people which rise to Thee at this time of trial with reverence and godly fear. We see Thy hand laid upon this Nation at a supreme moment in history and upon the nations who are joined with it in the defense of the peace and freedom of the world. We devoutly believe that Thou wilt show Thy favor if they will rise to the heights of Thy justice and mercy. Uplift them, we beseech Thee, by Thy strong and holy spirit, that they may find in Thee their refuge and their strength.

With malice toward none, with charity for all, with firmness in the right as Thou givest us to see the right, let us strive to finish the work we are in. Strengthen our hearts and our hands and confirm our purpose that contending valiantly for truth and freedom we may conquer by Thy might.

Imbue with wisdom Thy servant the President of the United States of America and the assembly of Congress, and with them the rulers and the assemblies of the people allied with them in the cause intrusted to their care.

Hear the prayers which we offer before Thee for all who bear command of our forces both by sea and by land. Stretch forth Thy almighty hand to succor and defend the men who are now defending the cause of truth and freedom in the awful battle being waged across the sea. Strengthen them that they may stay the hand and hold their place. To those who this day will be wounded give Thy soothing and healing touch; to those who are called to die give Thy peace; and for all who have laid down their lives for their country we beseech Thy mercy. God accept them; Christ receive them.

If it be Thy gracious will, grant success to our arms and overrule, we beseech Thee, the issues of this war so that through Christ we may be brought to a lasting and righteous peace, and that the nations of this world may be united in a closer fellowship for the promotion of Thy glory and the good of all mankind.

These, our prayers, we offer and present to Thee in the name of Him who hast taught us to pray: Our Father which art in Heaven, hallowed be Thy name. Thy kingdom come, Thy will be done, on earth as it is in heaven. Give us this day our daily bread, and forgive us our trespasses as we forgive them that trespass against us. And lead us not into temptation, but deliver us from evil, for Thine is the kingdom, the power, and the glory, forever and ever. Amen.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. GALLINGER and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### BOY SCOUTS OF AMERICA.

The VICE PRESIDENT laid before the Senate, pursuant to law, the annual report of the Boy Scouts of America, which was referred to the Committee on the Judiciary.

### AGRICULTURAL APPROPRIATIONS.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 9054) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1919, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. GORE. I move that the Senate insist upon its amendments and agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. GORE, Mr. SMITH of South Carolina, Mr. SMITH of Georgia, Mr. GRONNA, and Mr. NORRIS conferees on the part of the Senate.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House disagrees to the amendment of the Senate to the bill (H. R. 9504) to amend section 4067 of the Revised Statutes by extending its scope to include women, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. WEBB, Mr. CARLIN, and Mr. VOLSTEAD managers at the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 8696) making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1919, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. CARTER of Oklahoma, Mr. HAYDEN, and Mr. CAMPBELL of Kansas managers at the conference on the part of the House.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3714) to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes.

The message also announced that the House had passed the concurrent resolution of the Senate, requesting the President of the United States to recommend a day of public humiliation, prayer, and fasting.

### PETITIONS AND MEMORIALS.

Mr. BECKHAM. I present a communication from the president of the Rotary Club, of Louisville, Ky., inclosing a resolution adopted by that club on the 28th ultimo. I ask that the communication and accompanying resolution be printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

ROTARY CLUB OF LOUISVILLE,  
Louisville, Ky., March 30, 1918.

Hon. J. C. W. BECKHAM,  
Washington, D. C.

DEAR SIR: The inclosed resolution, adopted March 28 by the Rotary Club of Louisville, is earnestly recommended for your careful and immediate consideration.

The Rotary club does not doubt that our Government, through its Secret Service agencies, is doing a great many things that we know nothing of; but we do know that in Louisville, and in every other section of America, traitors flaunt their treason boldly and arrogantly, and we feel that treasonable words should be dealt with as resolutely as treasonable acts.

Unless more stringent laws are enacted, or those that we have are more vigorously enforced, the people will be compelled to take this matter into their own hands, and thereby lay themselves liable to the unjustifiable charge of mob violence.

Respectfully,

J. H. RICHMOND, President.

Whereas the newspapers of this country are daily reporting the activities and expressions of enemy aliens and pro-German sympathizers in the United States; and

Whereas such actions and expressions are calculated and intended to give comfort and aid to the enemies of this Government and its allies; and

Whereas such activities and expressions are the gravest forms of offense at this time and should be dealt with in the most summary manner possible; and

Whereas the punishment for such offenses has been ineffective either because of inadequate laws to provide proper punishment or because of failure of those charged with the duty to diligently enforce the laws with reference thereto or both: Therefore, be it

*Resolved*, That the Rotary Club of Louisville calls upon the President and the Congress of the United States to take action immediately to provide such laws as may be necessary to meet and remedy this indefensible situation, and also to take action to compel the proper enforcement of all laws dealing with such offenses to the end that our enemies and their sympathizers in this country shall be made to understand that they must cease their disloyal activities; and be it further

*Resolved*, That a copy of these resolutions be transmitted to the President of the United States, to the Senators and Congressmen from Kentucky, and to the Louisville press.

Mr. FRANCE. I present a resolution adopted by the Legislature of the State of Maryland, which I ask to have printed in the Record and referred to the Committee on Interstate Commerce.

There being no objection, the resolution was referred to the Committee on Interstate Commerce and ordered to be printed in the Record, as follows:

STATE OF MARYLAND,  
OFFICE OF THE SECRETARY OF STATE.

I, Thomas W. Simmons, secretary of state of the State of Maryland, under and by virtue of the authority vested in me by section 59 of article 35 of the Annotated Code of Maryland, do hereby certify that the following is a full, true, and correct copy of a joint resolution of the General Assembly of Maryland passed at its January session, 1918, as the same is taken from and compared with the original.

In testimony whereof I have hereunto set my hand and have caused to be affixed the official seal of the secretary of state, at Annapolis, Md., this 12th day of March, in the year 1918.

[SEAL.]

THOS. W. SIMMONS,  
Secretary of State.

Joint resolution 12.

Joint resolution and memorial of the General Assembly of the State of Maryland to the Representatives of the State of Maryland in the United States Senate and in the House of Representatives of the United States requesting that each of them endeavor to have the United States Government acquire, maintain, and operate during the period of the present war or longer the line of railroad commonly called and known as the Washington, Potomac & Chesapeake Railroad, now or formerly belonging to the Washington, Potomac & Chesapeake Railroad Co., and extending from Brandywine, in Prince Georges County, to Mechanicsville, in St. Marys County, in the State of Maryland.

Whereas the line of the Washington, Potomac & Chesapeake Railroad Co., extending from Brandywine, in Prince Georges County, Md., traverses portions of said counties and also portions of Charles County in said State, which are susceptible of great agricultural production, and which are entirely without railroad facilities other than such as have been heretofore furnished by said railroad company; and

Whereas by a decree of the circuit court for Prince Georges County, Md., the said railroad company has been dissolved, and has recently ceased to operate or exercise its franchises as a common carrier; and

Whereas, without adequate shipping facilities, the production of food products within the territory heretofore served by said railroad company will be greatly curtailed at a period when it is imperative that every possible impetus to food production be maintained: Therefore be it

*Resolved by the General Assembly of Maryland*, That the Representatives from the State of Maryland in the United States Senate and the House of Representatives of the United States, respectively, be, and they are hereby, respectively requested to promptly bring to the attention of the Director General of Railroads of the United States the importance of acquiring or controlling and maintaining and operating the line of railroad heretofore owned and operated by the aforesaid Washington, Potomac & Chesapeake Railroad Co. during the period of the present war or longer, and to that end cause to be passed such legislation through the Senate and Congress of the United States as may be necessary in the premises.

*Resolved*, That the secretary of the State of Maryland be, and he is hereby, requested to immediately transmit, under the great seal of this State, a copy of the foregoing resolution and memorial to each of the Senators and Representatives now in the Congress of the United States from the State of Maryland, with the earnest request that they lay the same before their respective Houses in support of the measure hereinbefore set forth.

[SEAL.]

PETER J. CAMPBELL,  
President of the Senate.  
HERBERT R. WOODEN,  
Speaker of the House of Delegates.

Approved March 12, 1918.

Mr. TILLMAN presented a petition of the Chamber of Commerce and Agriculture of Union, S. C., praying for Government control of dogs and for the encouragement of sheep raising, which was referred to the Committee on Agriculture and Forestry.

Mr. THOMPSON presented a petition of sundry post-office employees of Hutchinson, Kans., praying for an increase in the salaries of postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a petition of John A. Dix Post, No. 59, Grand Army of the Republic, Department of Kansas, of Columbus, Kans., praying for an increase of pension of soldiers of the Civil War, which was referred to the Committee on Pensions.

Mr. NELSON presented a petition of sundry citizens of Hastings, Minn., praying for the repeal of the present zone system

of postage on second-class mail matter, which was ordered to lie on the table.

Mr. PHELAN presented a petition of the Imperial Valley Typographical Union, of California, praying for an increase in the salaries of compositors and pressmen employed in the Government Printing Office, which was referred to the Committee on Printing.

POST OFFICE APPROPRIATIONS.

Mr. BANKHEAD. From the Committee on Post Offices and Post Roads I report back favorably, with amendments, the bill (H. R. 7237) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1919, and for other purposes, and I submit a report (No. 350) thereon.

The VICE PRESIDENT. The bill will be placed on the calendar.

PUNISHMENT OF SEDITION ACTS AND UTTERANCES.

Mr. OVERMAN. I ask unanimous consent to report from the Committee on the Judiciary, with amendments, the bill (H. R. 8753) to amend section 3, title 1, of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917.

The PRESIDING OFFICER (Mr. HARDING in the chair). The Senator from North Carolina asks unanimous consent to report the bill named by him. Is there objection? The Chair hears none.

Mr. OVERMAN. Mr. President, this is a very far-reaching and very important bill under the conditions now existing, and I trust every Senator will read it. I shall ask the Senate tomorrow to allow me to call the bill up in the morning hour, and, because of its importance, I ask unanimous consent that it be printed in the Record.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill reported this day by Mr. OVERMAN, from the Committee on the Judiciary, with amendments, is as follows:

An act (H. R. 8753) to amend section 3, title 1, of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917.

*Be it enacted, etc.*, That section 3 of title 1 of the act entitled "An act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage, and better to enforce the criminal laws of the United States, and for other purposes," approved June 15, 1917, be, and the same is hereby, amended so as to read as follows:

"SEC. 3. Whoever, when the United States is at war, shall willfully make or convey false reports or false statements with intent to interfere with the operation or success of the military or naval forces of the United States, or to promote the success of its enemies, or shall willfully make or convey false reports or false statements, or say or do anything except by way of bona fide and not disloyal advice to an investor or investors, with intent to obstruct the sale by the United States of bonds or other securities of the United States or the making of loans by or to the United States, and whoever, when the United States is at war, shall willfully cause or attempt to cause, or incite or attempt to incite insubordination, disloyalty, mutiny, or refusal of duty, in the military or naval forces of the United States, or shall willfully obstruct or discourage or willfully attempt to obstruct or discourage the recruiting or enlistment service of the United States, and whoever, when the United States is at war, shall utter, print, write, or publish any disloyal, profane, scurrilous, contemptuous, or abusive language about the form of government of the United States, or the Constitution of the United States, or the soldiers or sailors of the United States, or the flag of the United States, or the uniform of the Army or Navy of the United States, or any language calculated to bring the form of government of the United States, or the Constitution of the United States, or the soldiers or sailors of the United States, or the flag of the United States, or the uniform of the Army or Navy of the United States into contempt, scorn, contumely, or disrepute, or shall utter, print, write, or publish any language calculated to incite or inflame resistance to any duly constituted Federal or State authority in connection with the prosecution of the war, or shall display the flag of any foreign enemy, or shall by utterance, writing, printing, publication, or language spoken, urge, incite, or advocate any curtailment of production in this country of anything or things, product or products, necessary or essential to the prosecution of the war in which the United States may be engaged, with intent by such curtailment to cripple or hinder the United States in the prosecution of the war, and whoever shall advocate, favor, teach, defend, or suggest the doing of any of the acts or things in this section enumerated, and whoever shall by word or act support or favor the cause of the German Empire or its allies in the present war or by word or act oppose the cause of the United States therein, shall be punished by a fine of not more than \$10,000 or imprisonment for not more than 20 years, or both."

BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FRANCE:

A bill (S. 4239) granting an increase of pension to John Cooper; to the Committee on Pensions.



By Mr. McNARY:

A bill (S. 4240) to amend an act entitled "An act to provide further for the national security and defense by encouraging the production, conserving the supply, and controlling the distribution of food products and fuel," approved August 10, 1917; to the Committee on Agriculture and Forestry.

By Mr. SHEPPARD:

A bill (S. 4241) making provisions of section 5, Post Office appropriation act for fiscal year ending June 30, 1918, applicable to District of Columbia; to the Committee on the District of Columbia.

By Mr. WATSON:

A bill (S. 4242) granting an increase of pension to W. L. Helskell; and

A bill (S. 4243) granting an increase of pension to W. T. Ferguson; to the Committee on Pensions.

By Mr. KING:

A bill (S. 4244) for the relief of entrymen within the Castle Peak irrigation project in Utah; to the Committee on Public Lands.

By Mr. STONE:

A bill (S. 4245) granting an increase of pension to Thomas J. Lacey (with accompanying papers); to the Committee on Pensions.

By Mr. LODGE:

A bill (S. 4246) granting an increase of pension to Clarence S. Hall (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A joint resolution (S. J. Res. 145) declaring a state of war exists between the United States of America and the Governments of Bulgaria and of Turkey; to the Committee on Foreign Relations.

#### AMENDMENT TO LEGISLATIVE, ETC., BILL.

Mr. SIMMONS submitted an amendment proposing to appropriate \$4,500 for salary for Statistician for the Senate Joseph S. McCoy, intended to be proposed by him to the legislative, etc., appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### NATIONAL GERMAN-AMERICAN ALLIANCE.

Mr. KING submitted an amendment intended to be proposed by him to the bill (S. 3529) to repeal the act entitled "An act to incorporate the National German-American Alliance," approved February 25, 1907, which was referred to the Committee on the Judiciary and ordered to be printed.

#### DISMISSAL OF UNPATRIOTIC GOVERNMENT EMPLOYEES.

Mr. JONES of New Mexico. I introduce a joint resolution and ask that it be read and referred to the Committee on the Judiciary.

The joint resolution (S. J. Res. 144) to provide for the dismissal of unpatriotic Government employees was read the first time by its title, the second time at length, and referred to the Committee on the Judiciary, as follows:

*Resolved, etc.*, That any employee or official of the United States Government who commits any disloyal act or utters any unpatriotic, disloyal, or seditious language, or who, in an abusive and violent manner criticizes the Commander in Chief of the Army and Navy or the flag of the United States, be at once dismissed from the service.

#### PROMOTION OF EXPORT TRADE—CONFERENCE REPORT.

Mr. POMERENE. I present a report of the conference committee on House bill 2316, known as the export-trade bill. The report must, I understand, under the rule governing conferences, be acted upon by the House first. I therefore ask that it lie on the table for the present.

The report was received and ordered to lie on the table, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2316) to promote export trade, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 8.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 4, and agree to the same.

That the House recede from its disagreement to the amendments of the Senate numbered 5 and 6, and agree to the same with amendments as follows: In lieu of the matter stricken out and the matter inserted by said amendments strike out, in lines 1, 2, and 3, page 3, all of section 2 after the word "or," in line 1, page 3, the matter stricken out being "intentionally and unduly enhances prices within the United States of commodities of the class exported by such association," and insert

in lieu thereof the following: "intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein"; and the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In line 18, page 5, strike out the words "or intentionally and unduly," and in line 20, page 5, after the word "association," insert the words "or substantially lessens competition within the United States or otherwise restrains trade therein"; and the Senate agree to the same.

ATLEE POMERENE,

JOE T. ROBINSON,

ALBERT B. CUMMINS,

*Managers on the part of the Senate.*

E. Y. WEBB,

C. C. CARLIN,

A. J. VOLSTEAD.

*Managers on the part of the House.*

#### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Sharkey, one of his secretaries, announced that the President had on this day approved and signed the following acts:

S. 3401. An act to authorize the President to reduce temporarily the course of instruction at the United States Naval Academy; and

S. 3404. An act to authorize the President to drop from the rolls any naval or Marine Corps officer absent without leave for three months, or who has been convicted of any offense punishable by confinement in the penitentiary by the civil authorities, and prohibiting such officer's reappointment.

#### EDUCATION OF ADULT ILLITERATES.

The VICE PRESIDENT. The morning business is closed.

Mr. SMITH of Georgia. I move that the Senate proceed to the consideration of the bill (S. 4185) to require the Commissioner of Education to devise methods and promote plans for the elimination of adult illiteracy in the United States.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill.

Mr. OVERMAN. Mr. President, I think we ought to have a quorum. The Senator from Utah [Mr. KING] is not present. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hardwick	Myers	Smoot
Baird	Henderson	Nelson	Sterling
Bankhead	Hitchcock	New	Sutherland
Beckham	Hollis	Norris	Swanson
Calder	James	Nugent	Thomas
Chamberlain	Johnson, Cal.	Overman	Thompson
Culberson	Jones, N. Mex.	Page	Tillman
Curtis	Jones, Wash.	Penrose	Townsend
Dillingham	Kellogg	Phelan	Trammell
Fall	Kendrick	Pittman	Underwood
Fernald	Kenyon	Polindexter	Vardaman
Fletcher	King	Pomerene	Wadsworth
France	Kirby	Reed	Walsh
Frelinghuysen	Knox	Robinson	Warren
Gallinger	Lodge	Saulsbury	Watson
Gerry	McCumber	Sheppard	Williams
Gore	McKellar	Sherman	Wolcott
Gronna	McLean	Shields	
Hale	McNary	Smith, Ga.	
Harding	Martin	Smith, S. C.	

Mr. SUTHERLAND. I announce that my colleague [Mr. Goff] is detained by illness.

The VICE PRESIDENT. Seventy-seven Senators have answered to the roll call. There is a quorum present.

Mr. KING. Mr. President, I move that the bill under consideration be recommitted to the Committee on Education and Labor.

Mr. SMITH of Georgia. Mr. President, in behalf of the committee, I desire to express the hope that the bill will not be recommitted. It would be useless to recommit it. The bill is now in as good shape as we know how to make it. With the assistance of the Senate it has been amended, and I think it is a better bill now than it was when it first came from the committee.

I hope the Senate will pass the bill, and pass it at once. If the use of this fund is to be valuable to men in cantonments, then the Commissioner of Education must immediately take steps to cooperate with the forces of the Secretary of War to help plan better work in the cantonments toward teaching those who can not speak English to speak English and toward teaching those who can not read to read.

It is also desired that the Commissioner of Education shall stimulate at once a system in the States of active effort to teach all within the draft age how to speak English and how to read. This work must be done at once if its greatest value is to be obtained.

It is useless to recommit the bill. If the Senate is not in favor of this work, then defeat the bill. We would report the bill to you at once just as it is now if it was recommitted. I am aware of no member of the committee who desires to change it from its present state.

I urge that the motion to recommit be defeated and that the bill be voted upon on its merits.

Mr. KING. Mr. President, just a word in reply to the Senator from Georgia.

As I understood the Senator yesterday, the committee reporting this bill has before it now measures of a broad and comprehensive nature providing for the vocational training and for the education of the maimed and wounded soldiers who may return from the war, and for the training in a preliminary way of the illiterates seeking citizenship in this Republic. Of course the sensible thing now is to devote ourselves to the vigorous prosecution of the war. We dissipate our energies in all sorts of fads and experiments. It needs practical utilitarians now to conduct a war, and while engaged in this life and death struggle it is absurd and exceedingly unwise to attempt the part of a Don Quixote and seek to remedy and cure all the ills of the world. We should spend every energy to organize to beat Germany. It is ludicrous to me to waste our time debating over the illiteracy in States, and providing positions for a few men to inquire about the educational systems of the various States. It would be wiser to appropriate money to teach us how to fight, how to marshal our resources, how to defeat our powerful enemy and save our country and our liberties. There are too many cranks trying to secure legislation and determine governmental policies. There is only one supreme duty now, and that is to win this war. Not one dollar will be spent by my vote for unnecessary things until we triumph and civilization is saved. I would like to drive the foolish sentimentalists and visionary fanatics out of our midst until this dark storm is over. How incomplete and ineffective must be any plan now to educate illiterates in the United States and to educate those fighting in the Army. We need fighters and cannon and powder and bullets and aircraft. The schools and educational systems will follow our victory. My point is that we are now fighting for our lives; let us bend every energy to this stupendous task.

Necessarily our educational work will be interrupted during the war. With the advent of peace there will be many readjustments. The old world will never come back to us. New conditions—industrially, sociologically, politically—will be before us. No one can foretell what the days of the future will bring forth. Mighty revolutions in our social order may occur, which will shake the foundations of our Government. Educational systems will be modified; the relation between the States and the Federal Government may undergo great mutations. We pray that out of the war there may come peace and order and a new spirit of justice that will bind humanity in the bonds of enduring affection.

But now we want men to fight and money and more money to meet the staggering demands of the war.

This bill provides for such a pitiful and weak work, and it provides for so imperfect and uncorrelated effort, that it can not be treated with seriousness and ought not to meet with approval. I repeat what I said yesterday in discussing this measure: "It is a waste of money and is designed as a beginning to extend the activities of the Federal Government over the States in matters purely local and domestic." I make the prediction now that legislation of this character will be seized upon to make further demands upon Congress for aid in the educational work within the States. Soon the appetite will be developed for subsidies and bounties from the General Government for State education.

The promise of money from Congress to be distributed among the States, or to be expended in the States, particularly for so worthy an objective as education, will find welcome auditors everywhere. How delightful the climax will be, when we are called upon to collect millions of dollars from the people of the States through the costly instrumentalities employed by the General Government to execute its revenue laws, only to distribute it back to the States, less the large part that will be eaten up by officials and bureaus and employees and the unnumbered agencies of the Government! We seem not to have learned the fact that before money can be spent it must be obtained by the Government.

The thoughtless seem to think that if an appropriation is made by Congress for a State is to be spent in the State, that

no one has to bear any burden, and that the people of the State pay no portion of the amount.

I want the Federal Government to keep its hands off from the States, except where the Constitution vests it with authority to lay its hands upon them, and to permit the people to control their own domestic and local affairs. It is unpopular to oppose appropriations, particularly appropriations to be spent within the States.

It is so easy to defend to the people of a State the expenditure of money within the State, which came from the National Treasury, and it is oftentimes an ungracious task to explain opposition to a scheme the success of which would mean the lightening of burdens resting upon the State.

Mr. President, I shall continue to oppose legislation which is calculated to enervate the people, diminish their love for their own States, and develop a spirit of pauperism and dependency, so that they feel that only by the grace and power of the General Government can they live or survive.

Strong and virile States, filled with a thinking, courageous people who have independence and local self-government, will make a puissant and glorious Republic.

The States can and will be weakened by the gifts from the National Government.

The language of this bill indicates what its purpose is, viz, to aid in educational work within the States.

Listen to these words of the bill:

To promote plans for the elimination of illiteracy, and the extension of education among the adult population, and cooperate with State, county, district, and municipal education officers and others in putting these plans into operation.

The Federal bureau or agency is to cooperate with the States and the political subdivisions of the States, to promote education and to eliminate illiteracy.

It is obvious that the plan is to intrude the Federal Government into a purely domestic matter. We are asked by this bill to aid the States to overcome illiteracy and improve their educational systems. Of course, if we appropriate money wrong from the people by taxation to be used in educational work within the States it will accomplish some good. But that is not the only question here presented.

This bill, if enacted into law, will be regarded as an entering wedge by the Federal Government into the school activities of the States, and will be resented by States having the proper spirit or with the desire for larger appropriations in the future. It is manifestly insufficient to care for maimed soldiers, and it would be foolish to make appropriations for such purpose until a proper scheme has been devised.

This bill will enable a number of men to get jobs and collate a few statistics in regard to illiteracy, knowledge of which we all possess; or, if we do not, we can obtain it within a few moments by consulting the books in the Library. It is an ill-conceived plan and will be wholly impotent to accomplish any satisfactory results. In view of the fact that the committee is considering the question of caring for the maimed and wounded, and providing for their education, and is also considering the question as to the duty devolving upon the Federal Government to prepare aliens for the responsibilities of citizenship, I believe it unwise to pass this measure. To touch this matter in a piecemeal way is folly.

It seems to me, Mr. President, in view of the discussion of yesterday, and the facts that were then elucidated, that the wise and proper thing would be to recommit this bill and permit the committee that has consideration of these other important measures to consider this question, so that a safe, rational, and scientific plan may be proposed to meet conditions deemed so important as to require congressional consideration.

Mr. SMITH of Georgia. Mr. President, as many Senators are here this morning who were not present on yesterday, I wish to say that I think the Senator from Utah [Mr. KING] misunderstands the measures which are being worked upon to which he refers. A number of bills have been prepared looking toward an organized effort by the Government vocationally to reeducate wounded soldiers, to teach them how to use their remaining physical powers in some line of endeavor by which they may find occupation and earn a livelihood; but this measure has no connection whatever with those measures. Those measures have reference to returned soldiers who are wounded.

I wish to say that great progress has been made in that line of work in Great Britain and France and Canada and Germany since this war has been going on. A number of those bills are now before experts, who are studying them with a view of suggesting the best plan for such a measure. It will not help us at all in this bill to bring up that measure at the same time. This bill has reference to an entirely different subject. This bill is



immediately brought forward as the result of information gathered as to the number of our drafted men who can not speak English and our drafted men who can not read and write. A number of the States are beginning an effort to eliminate such illiteracy and to teach English.

Mr. KIRBY. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Arkansas?

Mr. SMITH of Georgia. The Secretary of War is seeking in the cantonments to do work upon this line. Senators will find the whole subject discussed in the letter, which I put in the Record a few days ago from the Secretary of the Interior, the Commissioner of Education being connected with that department. The desire is that the direction of the Bureau of Education may be given to stimulate and to unify this work in the cantonments, which the Secretary of War is seeking to conduct with a separate fund, but which needs the stimulating and advising help of trained educators. They are found connected with the Bureau of Education.

It is said that the sum proposed to be appropriated by the bill is very small. We only ask for \$100,000 from now until the 1st of July, continuing, however, to be used thereafter, if not before, consuming \$50,000 annually after the 1st of July.

I wish to impress the fact that this is not for the teaching work itself. There are other forces to do that; the States and the cities have the force to do that; but here is a particular line of work to be directed to illiterate adults, a line upon which the States even have not heretofore exerted themselves; a line of work to teach English especially to all within the drafted age. The Secretary of War desires the help of the Bureau of Education in conducting this work; the States desire it; the cities desire it. This small sum of money will be used to help direct and stimulate this most valuable service.

Mr. KING. Mr. President, will the Senator from Georgia yield to me?

Mr. SMITH of Georgia. I will.

Mr. KING. What does the Senator from Georgia think this language means:

*Provided further, That the Commissioner of Education shall not undertake to promote the teaching of adult illiterates and men and women of meager education in any State or Territory of the United States or in the District of Columbia, by cooperation or otherwise, without the written invitation or consent of the board of education or the chief school officer of such State, Territory, or District of Columbia.*

Permit me to state this: Does not the Senator from Georgia concede that this bill is for the purpose of enabling the Bureau of Education to go into the States and to cooperate in a measure with the activities of the States in regard to education, and to supervise, so far as it may, the educational methods of the States? In other words, is it not a plan to intrude the Federal Government into the educational systems of the States, and will it not be made the pretext by the States for abandoning the duty resting upon them to provide an educational system under the police power of the State for those living within their borders? Will it not lead the States to appeal to the Federal Government to take up the question of education and bear the burden which education imposes? Will it not lead more and more to the atrophying of the powers of the State and more and more to the assumption by the Federal Government of powers and duties which belong to the States themselves?

Mr. SMITH of Georgia. I do not claim, Mr. President, to be a prophet, but I dissent entirely from the conclusions of the Senator from Utah with reference to the effect of this bill. We have inaugurated a system of extension work from the colleges of agriculture; we have inaugurated our vocational educational work; we have done much to stimulate and aid the States in educational work. This does not mean that the Commissioner of Education will interfere with the work of the States. It is expressly declared that even his plans, his suggestions, shall be given to those alone who desire them.

We know that the Secretary of War desires them; we know he needs the help; we know that the moving force came first from that source; but we also find that the opportunity exists to at once arouse and to organize forces in the States that will make a strenuous effort to remove illiteracy from the drafted men even before they reach the cantonments. It is simply along the line of work which the Government has been doing for years. Where an especial need of stimulus is required of national value in the State, whether in agriculture or in education or in other lines, we have sought to give it.

What is the Bureau of Education for? According to the view of the Senator from Utah, it should never have been organized, and it ought now to be abolished, and yet the Bureau of Education has done much to stimulate great and proficient work in the public schools of many States, and I have never heard the suggestion that there was an unfortunate interference with that

work. It has done much to advance the standard of teaching and the standard of teachers. I think the Senate understands it, and I will not consume further time.

The VICE PRESIDENT. Before the Senator from Georgia takes his seat the Chair desires to state that he is going to enforce the rule of two speeches on the motion to recommit, unless unanimous consent of the Senate is given to the contrary.

Mr. KIRBY. Mr. President, if the purpose of this bill is to bring about the result which has been announced by the Senator from Georgia, it is not expressed in the bill. It seems to authorize the Commissioner of Education to investigate the methods of training illiterate men and women that obtain in the United States and the methods that obtain in foreign countries.

Mr. SMITH of Georgia. Mr. President, if the Senator will allow me to interrupt him, that feature has been stricken from the bill. Let me send the Senator a copy of the bill as it has been amended by the Senate.

Mr. KIRBY. I would be glad to have one; I was discussing the old bill.

Mr. SMITH of Georgia. We have amended it substantially.

Mr. KIRBY. I am almost moved to ask with the Senator from Georgia what is the existing Bureau of Education for if it is not now familiar with these methods that obtain in the United States and in foreign countries? It certainly ought to be fully advised of those methods. It is not proposed to use any of this money or any of the plans to instruct men within the draft age or men who have been drafted and brought into camp; at least the bill that I have here does not indicate that such is the purpose.

It seems to me it is time that the money of this country at this critical period should be expended for the purpose of training men within the draft age and all other soldiers in their calling, and how to destroy the enemy, rather than in an undertaking to revamp the educational systems of the country; and unless there is some more definite purpose expressed in this bill to bring about the results indicated by the Senator from Georgia I shall vote against it. I do not believe it ought to be enacted into law in its present form.

The VICE PRESIDENT. The question is on the motion to recommit the bill to the Committee on Education and Labor. [Putting the question.] The Chair is unable to decide.

Mr. GALLINGER. I ask for a division.

On a division the Senate refused to recommit the bill.

Mr. GALLINGER. Mr. President, I call the attention of the Senator from Georgia to line 5, where, after the word "several States," I think the words "and the District of Columbia" ought to be inserted.

Mr. SMITH of Georgia. I accept the suggestion.

Mr. GALLINGER. I move that amendment. Also, in line 8, before the word "States," the word "several" should be inserted; and after the word "States," the words "and the District of Columbia."

The VICE PRESIDENT. The difficulty is that the Senator from New Hampshire is not using the print of the bill used at the desk, but is using the reprinted bill.

Mr. GALLINGER. I am using the bill in its amended form, as it was ordered reprinted last evening.

The VICE PRESIDENT. The Secretary has difficulty in finding the place in the original bill.

Mr. GALLINGER. The amendment is in the reprinted bill in line 5, after the word "States," to insert the words "and the District of Columbia."

The SECRETARY. On page 1 of the reprinted bill, line 5, after the words "the several States," it is proposed to insert the words "and the District of Columbia."

The amendment was agreed to.

Mr. GALLINGER. Now, in line 8, page 1, before the word "States," I move to insert the word "several"; and after the word "States," to insert the words "and the District of Columbia."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 1 of the reprint, line 8, before the word "States," where it appears the second time, it is proposed to insert the word "several"; and after the word "States," to insert the words "and the District of Columbia."

The amendment was agreed to.

Mr. GALLINGER. Mr. President, I call the attention of the Senator from Georgia to the phraseology in line 10, page 2. Perhaps it is right as it is, but it reads:

That for the purpose of carrying out the provisions of this act there is hereby authorized to be appropriated.

Mr. SMITH of Georgia. The word "authorized" should be stricken out.

Mr. GALLINGER. I move to strike out the words "authorized to be," so that it will read "there is hereby appropriated."

The VICE PRESIDENT. The amendment will be stated.

The SECRETARY. On page 2 of the reprint, line 10, it is proposed to strike out the words "authorized to be," so that it will read "there is hereby appropriated."

The amendment was agreed to.

Mr. SMITH of Georgia. I presume the words "authorized to be" were employed in order that the appropriation might be carried in a general appropriation bill, but still I would rather they be left out.

Mr. GALLINGER. I should hardly think that would be necessary. I will call the attention of the Senator from Georgia to the fact that, after the bill has been passed, in amending the title the words "and the District of Columbia" should be inserted.

Mr. KING. I move to amend the bill by striking out, beginning in line 14, page 2, after the word "expended," the following words found on that line, also line 15 and line 16, to wit:

And \$50,000 for each succeeding fiscal year until June 30, 1928.

I do not think that the Senate of the United States wants to obligate itself to make an appropriation for this purely experimental and absurd proposition up to and including the year 1928.

The VICE PRESIDENT. The language sought to be stricken out by the Senator from Utah was put in yesterday as an amendment, so that the motion of the Senator from Utah must be first to reconsider the vote whereby the amendment was agreed to.

Mr. KING. I was not aware of that action. I therefore move to reconsider the action of the Senate yesterday by which the amendment just referred to was inserted in the bill.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Utah to reconsider. [Putting the question.] By the sound the Chair is unable to determine. Those in favor of the motion will rise. [A pause.] Those opposed will rise. [A pause.] The vote whereby the amendment was adopted is reconsidered. The question now is on the amendment of the Senator from Utah.

Mr. SMITH of Georgia. Mr. President, the real purpose of putting in the words "authorized to be" was that the question of an immediate appropriation might still be considered by the Senate and provided for in a general appropriation bill, without being subject to the point of order as being general legislation.

The VICE PRESIDENT. That is not what is before the Senate.

Mr. SMITH of Georgia. I understand that is not entirely what is before the Senate, but it is partly what is before the Senate. I think it will be a great mistake to limit this appropriation to one year. I think we ought to carry it for a longer time than that. I would not insist upon the appropriation for the full limit of time up to 1928, but I think it would be well worth while to make this appropriation \$100,000 for the next three years—for the present year, for the next year, and the next year. Certainly for two years we ought to carry an appropriation that would plan going on with the work after July 1 next. If the bill were changed so as to carry the appropriation of \$100,000 to July 1, and \$100,000 for the following year, I would not object to seeing the good effect of this work in determining whether we should carry it further.

Mr. KING. Mr. President, will the Senator yield?

Mr. SMITH of Georgia. Yes.

Mr. KING. I desire to inquire of the Senator from Georgia whether the Bureau of Education may not now, under its general powers and under the law, discharge all of the duties and obligations required to be performed under this act?

Mr. SMITH of Georgia. No; I do not think there is any authority that carries this line of work, and there is certainly no appropriation, and I think this bill is necessary to do so.

Mr. KING. If the Senator will pardon me, I understood the Senator a few moments ago, in dilating upon the effective work of the Bureau of Education, to state that it had had a stimulating effect upon education, and that it had done something toward coordinating the educational systems of the States. Obviously, if it has done anything along those lines, it has made some inquiry into the question of illiteracy. Therefore it is—

Mr. SMITH of Georgia. Mr. President, if the Senator does not desire to ask me a question, I think we will get along better if he will do so and then let me proceed.

Mr. KING. Then I will pretermit what I was about to observe, and ask the Senator if the Bureau of Education may not now devise efficient and economic methods for teaching adult illiterates and men and women of meager education in the United States?

Mr. SMITH of Georgia. The Bureau of Education has no appropriation with which to make an organization in that direction. The question of the education of adults, the question of training those who can not speak English to speak English, is a subject which has been brought forcefully to the attention of the country only within the past 12 months, or certainly more forcefully to the attention of the country within the past 12 months than ever before. There is no provision connected with the Bureau of Education and there is no fund of money the use of which is contemplated in such a direction.

I regard this as one of the most valuable services that can be rendered—a service that probably can be accomplished with less expenditure than any other service where so much good would come from so small an expenditure. Now, why should we refuse? Why should we be technical about it? The Senator from Utah does not really object to this work. He desires it; but his imagination has conjured up a dread lest this is the opening wedge for some great appropriation looking toward national aid to education in the States.

I am not afraid of anything of the kind. I am not afraid of national cooperation with the States for the improvement of the citizenry of the United States. I believe in national contribution along lines of stimulation for educational work. I think it is a splendid work. I think we get much return for few dollars spent; and I am simply astonished that this effort—so meritorious, so valuable—should have met with opposition.

I am opposed to striking out those words. If the Senate desired to amend them, and lessen the number of years, I would not object; but to strike them out entirely would be undoubtedly a blunder. I would be willing to see it amended, if the Senate desired, so as to provide that it should only be continued for a less length of time, that we might see the good results that come from the work, and then extend it still further. But the Senator from Utah asks that the Senate limit the appropriation to July 1 next. I would be perfectly willing to accept an amendment of \$100,000, and \$100,000 annually during the continuance of the war.

Mr. KIRBY. Mr. President, I should like to ask the Senator a question.

Mr. SMITH of Georgia. I shall be glad to answer it.

Mr. KIRBY. Does not the Senator think that the Bureau of Education can perfect these plans within one year with \$100,000 and continue to exist and perform its functions as heretofore?

Mr. SMITH of Georgia. Mr. President, I think the Senator does not comprehend the work of the Bureau of Education. It is not simply to perfect the plans. Leaders along these lines will go out and work. They will work with teachers' conventions; they will work with teachers in cities; they will work with gatherings of patriotic people, and they will continue so to work. It is astonishing that our Nation has permitted so large a number of inhabitants to live in it so long who can not speak English.

I, for one, am opposed to printing a newspaper in the United States in anything but English. I, for one, am in favor of making the English language the language spoken by every citizen of the United States; and to that end I am in favor of aggressive leadership by the Government itself to teach English to every citizen of the United States.

I am opposed to the motion to strike out. I would not object to a reduction of the number of years.

Mr. FRELINGHUYSEN. Mr. President, before the Senator sits down, I should like to ask him a question.

In connection with the expenses to be incurred by the Bureau of Education, I simply want to cite, for the information of the Senator, an experience we had in our State in making a census of the subnormal children. That census took nearly three years, and it was alarming and astounding in its results. We found that there were over 2 per cent of the children of the State—2 per cent of 600,000 that we educated—who were subnormal. Now, that information was not available for the Federal Government; and in support of this bill I simply wish to say that it would be of great assistance to the States in the Union to have these statistics, so that they may reform their own school systems and take care of the illiterates in their own educational systems. It takes time and it takes money to make this investigation.

Mr. SMITH of Georgia. Mr. President, before the motion to strike out is voted upon, I move that the provision be limited to 1924, cutting off the last four years. I move to amend the portion sought to be stricken out by changing the word "eight" to "four" first.

Mr. THOMAS. Mr. President, before the vote is taken upon that amendment I want to express my hearty concurrence in the views just stated by the Senator from Georgia regarding the



necessity for making the English language what it purports to be—the language of the United States of America. The time has come when no man who is unable to speak that language should be accorded political rights, and I believe that we should do any and every thing necessary to be done in order to make that tongue universal.

I say that without the slightest prejudice against the natural sentiments of the immigrant to this country for the language of his own country. Indeed, a knowledge of modern languages is becoming more and more a part of the necessary equipment of every citizen. But when we consider that we have communities in the United States, and a great many of them, where the English tongue is not heard at all, and where the policy of those communities is to make them as foreign as themselves, which is done through their control of boards of education, through the influence which their power to vote gives them; when we consider further that we are now suffering from such conditions, and suffering far more extensively than the public knows, we would be failing in our duty if we did not make every possible effort at this time toward the beginning of a system that will make such conditions after the war practically and politically impossible.

Mr. President, I have had occasion to say upon this floor once or twice during this session, and others have voiced the same thing, that there is an absence of unity of purpose and of a spirit in the United States which must manifest itself before we can even begin the prosecution of this war as an American war; and the lack of it can be traced largely to the insularity of our foreign populations, perpetuated by an ignorance of the English tongue and their constant use of the language of their native land.

I know that our secret-service system is hampered at present because of the prevalence of so many languages in this country, and that plots of all sorts are hatched in these nests of foreigners with practical impunity in many instances because the language which there flourishes is not the English language and because it is extremely difficult to secure the right agencies to discover and afterwards to develop and punish them.

Mr. President, I am well satisfied, and as the days pass by and information is accumulated my convictions are strengthened, that in nearly every avenue of the governmental activities essential to the successful prosecution of this war our enemies are at work, and at work actively. I do not mean to say that they are all composed of foreigners, because they are not. Indeed, the subtlest and most dangerous of all our secret enemies in this country are the men and women of Anglo-Saxon descent who speak the English language and who are selling their birthright, their patriotism, and possibly the fate of the race to which they belong for the considerations which German agencies are able and eager to pay; they are producing results and very serious ones. To illustrate:

Mr. President, I received a letter this morning and another on yesterday morning, from the same factory, calling my attention to the fact that out of the manufacture of 5,000 rubber gas masks 2,900 were found defective, and after they had been discarded some of them were found packed among those that had passed inspection.

Mr. OVERMAN. Mr. President, what was the matter with them?

Mr. THOMAS. The matter with them was that small perforations, invisible to the eye, but through which all kinds of gases may penetrate, were discovered in them by stretching, by testing.

Mr. OVERMAN. Was that done by somebody in the factory?

Mr. THOMAS. It must have been done by men and women in the factory; and that, Mr. President, is only a sample of what is going on.

Mr. President, I think we may now be confronted with the supreme crisis of this war. The German drive has not ended. It is merely waiting long enough to get its second wind. American troops, with those of the allies, are in the newly improvised trenches. They are fighting for the allies, fighting for us, and fighting for the future. If there ever was a time during this war when all the energies we possess should be unified in the support of that gallant army we have sent across the sea, this is the hour. Yet, what are the dispatches this morning? Five thousand men on strike in the Norfolk yards; sixty-odd thousand in New York threatening to go out to-morrow; seven or eight thousand strikers in Kansas City—a sympathetic strike, prompted by some paltry difference between a lot of laundrymen and their employers; and these do not comprise them all.

Mr. President, is there any significance in the fact that these labor difficulties occur at this crisis, or is it a mere coincidence? To my mind, it is a part of the German propaganda which easily operates through processes of their own, one of which is to

avail itself of those to whom the English language is not known.

Mr. OVERMAN. Mr. President, I will ask the Senator if it is not the result of a propaganda that was made here before we declared war?

Mr. THOMAS. Oh, Mr. President, it is the result of a propaganda that began on the day when peace was declared between Prussia and France. It is the result of a propaganda which has formed a part of the organized preparation of the Empire of Germany through which it proposes to secure dominion over the world. It is a propaganda, Mr. President, that exists in every country upon the globe. In a house in Downing Street, in the city of London, is a vast mass of material, documentary in character, collated since the war by the British Government from the four corners of the earth. This material is expressed in every language and every dialect under the sun. Through the agency of associations of every character, civic, political, economic, and religious, it is mute evidence of a vast propaganda the advocates and converts of which are far more dangerous to liberty than the legions of the Kaiser upon the battle fields of Europe. The debacle in Russia never could have been accomplished by the armed forces of the Kaiser. It was the result of that secret undermining force which for want of a better name we call pan-Germanism, the same force which is producing these terrible labor conditions at this time.

Mr. President, if we are to utilize our entire energies toward the proper prosecution of this war, and we must use them if we are to win it, it is high time these strikes and suspensions be properly characterized. I contend that the man who incites a strike at this time, I do not care what his motives are, is an enemy of the United States and should be treated as such. I declare, Mr. President, deliberately that the fomenters of strikes in our labor ranks are traitors to the country whose protection they invoke.

I do not confine my statement, Mr. President, to these people. It is equally true of many of our profiteers. And certainly true of any man who at any time anywhere is impeding the program of this Government, whether he be in command or whether he be a subaltern.

Mr. OVERMAN. I wish to say that there is a propaganda going on in this country against the sale of our bonds.

Mr. THOMAS. Mr. President, there are none so blind as those who will not see. The propaganda to which the Senator from North Carolina refers is not confined to our bond sales. It exists everywhere. Unfortunately some people in high places are unwittingly aiding that propaganda through interferences with natural production, through the fixing of arbitrary prices and the multiplication of uncertainty in our economic life, the consequences of which, I fear, will be more painfully evident next fall and next winter than they are now. It requires all our energies to prosecute this war. By dividing them between its prosecution and the attempt to direct the business of the country at this time it can not be done. I do not believe in profiteering; no man does. But, Mr. President, the business interests of the country must not be too greatly interfered with if we are to continue to receive the supplies which we must have and to make the money which is necessary for the prosecution of the war.

Hence I say that policies which produce an atmosphere of discontent, which introduce grave uncertainties in the ordinary affairs of life, which bewilder if it does not more seriously affect production—these things naturally make the sale of bonds difficult. Mr. Garfield, by his coal-price orders, closes the mines of some struggling individual or company barely able to keep alive under former conditions, in consequence of which his business is suspended, if not permanently ended. When he reflects that this action is done in the name of his Government, he is not apt to be inspired with those motives of patriotism which every individual should entertain and express. He is dependent upon his business for a livelihood and for the support of his family. When through Government agencies that business is suspended and that support gone, he may rise when he hears the inspiring strains of the Star-Spangled Banner, but his thoughts are in other directions when he thinks of the future and what it means to his wife and to his family.

These things, Mr. President, make it the more essential that our present industrial conditions and the widespread propaganda to which the Senator has referred should be not only recognized, not only denounced but counteracted by every means within our power. I do not know whether we are doing it or not.

Inasmuch as this bill proposes to teach the English language to illiterates, or at least to lay the foundation for that good work, inasmuch as it is designed to give the foreign soldier in our ranks an opportunity to understand the orders of his officer—and there are 700,000 men of the draft age who can not speak or



write the English language—then it would seem that we should get behind it, even though defective in expression, and put it upon the statute books as soon as possible and let the machinery of its operation begin.

Mr. REED obtained the floor.

Mr. PAGE. I should like to ask the Senator from Colorado a question before he sits down. Does the Senator believe that an American who can neither read nor write, a native-born son, is as good a man, as good a citizen, or as good a soldier as the man who is educated?

Mr. THOMAS. The question answers itself, Mr. President. Of course he is not.

Mr. PAGE. Does not the Senator know, and I say to our burning shame it can be said, we have at this time, or had at the time of the last census, 1,500,000 native-born whites who could neither read nor write?

Mr. THOMAS. The fact is a reflection upon American intelligence and American progress.

Mr. PAGE. The point I wish to make is this: That while we are discussing this matter from the standpoint of the foreigner I do not think we ought altogether to lose sight of the fact that we have native-born citizens, so many as 1,500,000, or we might go further and say that in some States there are from 30 to 35 per cent of the entire population who are illiterate.

Mr. THOMAS. I will yield the floor in just a moment to the Senator from Missouri.

With regard to the purpose of this bill there is this difference between that class of illiterates and those designed to be reached by it. They can speak and understand the English tongue; it is their native tongue. They are therefore in language and race as much a part and parcel of the homogeneous mass of America as any other. But the man who can neither read nor write nor understand the English language is a source of far more serious danger, and particularly at this time when they are being drafted as American citizens and expected to do their duty in the field.

Mr. GALLINGER. Will the Senator from Missouri yield to me one moment? I wish to ask the Senator from Georgia whether, after the discussion continues a little longer, the bill may not go over until to-morrow morning? I have several amendments that I feel sure the Senator will agree to that I wish to offer, but I have an engagement which will take me from the Senate and keep me from the Senate for a couple of hours.

Mr. SMITH of Georgia. I am very anxious to finish the bill.

Mr. GALLINGER. Its passage to-day is not imperative. I would gladly remain if I could.

Mr. SMITH of Georgia. I dislike ever to object to anything the Senator from New Hampshire asks, and I will not object. Then let us go on, and when we get through with what is to be said I will agree to let the bill go over until to-morrow. I intend to ask the Senate to amend the figures as to the time to 1922 instead of 1928, so that it will give only three years, and at the end of that time we can see what good it is doing; and if we want to continue it we can do so, and if we do not it will not continue itself.

Mr. GALLINGER. I venture to suggest to the Senator that we make appropriations for the three years. I was going to appeal to the Senator to do that. However, that can come up to-morrow, if the bill is to go over.

Mr. SMITH of Georgia. If that is the only amendment the Senator has to offer, to get the bill through—

Mr. GALLINGER. I have several others of a minor nature. If I was prepared to offer them I would do it now and not ask this courtesy.

Mr. SMITH of Georgia. I shall not object.

Mr. REED. Mr. President, I desire to supplement by a word of explanation the statement of the Senator from Colorado [Mr. THOMAS]. He spoke of the strike in Kansas City. That strike can not be charged to foreigners. It so happens that Kansas City has the smallest percentage of foreign-born population of any one of the large cities in the United States. Of course, there are people in Kansas City, and a good many people, who are of foreign birth, but the city is distinctively an American city.

With the details of the strike in Kansas City I am not familiar, but in a general way I understand that some controversy grew up between laundry employees and their employers, which resulted in a strike in the laundries. That was followed by a sympathetic strike that has grown to large proportions and which at one time it was feared would result in calling out nearly 20,000 men. The street car system is involved; many large industries of the city are tied up. All this seems to have grown out of what was originally a controversy between a laundry proprietor and his help.

Mr. President, that, as I have stated, can not be laid at the door of the foreign-born people in the case of Kansas City. It must be laid at the door, I am sorry to say, of union labor. I

have defended union labor every time the opportunity has come to me since I have attained my majority.

Long before coming to the Senate, in public speech and in public acts, as well as in private acts, I have endeavored to further the cause of organized labor. In the Senate I have voted, I think, for every measure calculated to strengthen and encourage organized labor. I shall not now, because of the conditions in Kansas City, denounce organized labor. I shall not indulge in any general criticism of organized labor. But as its sincere friend I say this, and say it with all the solemnity of my soul, that the day organized labor creates disturbances that arrest those industries which are essential to the carrying on of this war it will be a very dark one for organized labor and for our beloved country. Organized labor will lose the best friends it has ever had. It will disintegrate and go down before the loyal protests of its own loyal members, men who put country above every other consideration in life. Union labor counts such men by the tens of millions.

This is no time for strikes upon the one hand, or for lockouts on the other hand. The business of employee and employer to-day is to compose their difficulties, and so far as I am concerned I am ready to vote at this moment for a law which will punish the men, either employers or employees, who by conspiracy undertake to stop the building of American ships of war or American merchant ships essential to the life of the Republic. I am as willing to vote to punish men who engage in a conspiracy to stop that kind of work as I am to vote to punish any conspirator who may undertake to stop the draft or to stop the successful march of the American Army, because these great industries that are now threatened, and which if the threat is carried out will be stopped, are absolutely vital to the prosecution of the war. They are necessary to the safety of our soldiers across the seas. The man who to-day conspires to stop the work in American shipyards conspires to starve and to defeat the American Army in Europe. The fact may as well now as later be stated plainly and regardless of consequences, that the American people will hold responsible whoever shall be guilty of any act tending to weaken the American Army now abroad or in preparation for that fateful enterprise which involves perhaps the safety of civilization.

Mr. POMERENE. Mr. President, this bill presents one phase of a very serious problem that confronts the American people, and the Congress of the United States sooner or later must deal with it in a comprehensive way. On yesterday it was my privilege to meet the governor of Idaho, in whose State they have had serious trouble with the I. W. W.'s. The Senator from Washington dwelt somewhat on this question the other day, as it relates to his own State. The governor of Idaho made the statement, as a result of an investigation he had set on foot, that 70 per cent of the I. W. W.'s in his State could neither read nor write the English language, and that only 10 per cent of them were native born. If 70 per cent of the I. W. W.'s can neither read nor write, how are they going to be able to comprehend the genius of our institutions? What a fertile field they make for the agitators and the anarchists of this country.

I refer to this because I feel very keenly the need of doing something which will aid all foreigners who come to this land to enjoy our institutions to understand what we are doing in this country and why we are doing it. My belief is that whether the Senator from Georgia has the right plan embraced in his bill or not, it touches a problem worthy of the best attention of the American Congress.

#### MILITARY ORGANIZATION AND TRAINING.

Mr. FRANCE. Mr. President, what I have to say has a somewhat direct bearing upon the bill which is now pending. I hesitate to trespass upon the time of the Senate. Perhaps no one here realizes better than do I the necessity for immediate and masterful action when human life hangs in the balance, and we all realize that time here is very precious, because upon our prompt and vigorous action depend the lives of many men as well as the fate of nations. But I feel that much of the pending legislation will be futile or even vicious in its effect without a more comprehensive war policy of which I hope by these observations to stimulate a further discussion.

I can not expect, in the course of these remarks, to discuss with any degree of completeness the problem to which I invite the attention of the Senate. I wish that I might indulge the hope that since my words must prove inadequate, the very greatness of the cause for which I speak may enable it to plead with a persuasiveness which no voice can possibly possess. I am adverting to the cause of securing that higher degree of organization in our national life which has for so long been necessary, but which since our entrance into the war has become immediately imperative. The problem of the proper degree



and form of national organization, and I am now speaking of organization not in the legal but in the social sense, is a most complex and comprehensive one in which are involved all of the various component questions which have since history's beginning perplexed the student of human government. It presses now upon us as the central and essential problem of this war. If not sooner solved it will appear as the paramount and menacing problem in the days of reconstruction after the establishment of peace. It is the problem from which will arise the issues of our political contests in the near and far-distant future. As old as history it is ever new, ever changing, ever increasing in magnitude, and upon its correct solution depend the happiness of every citizen and the efficiency and perpetuity of every State.

Early in last May I urged the necessity for taking the preliminary steps toward a more rational organization of the Nation, and while I addressed the Senate only after much hesitation, I yet spoke with an absolute assurance of the soundness of the principles for which I then contended, such assurance being based upon my personal observations of the remarkable industrial, social, and military organization of the German Empire.

On the 11th day of January the junior Senator from Ohio [Mr. HARDING] in an address which shall long remain in my memory, said:

When the German Kaiser decided to make war for the world's domination he cast a solvent into our present-day civilization which has put us in a very fluid state.

His words on that occasion and this figure of speech, revealing a most able and thoughtful statesman contemplating with clear apprehensions this mighty process of mutation in the affairs of men and nations, were so apt and so significant that they have remained in my thoughts, and if time were not so pressing I should be tempted to run out the symbol of the Senator into the wider reaches of its application. The Senator well knows that there are various solvents; those physical, by which without essential change, but by transformations truly wonderful in all their intimate processes, the solid passes from our view, temporarily diffused in fluidity but readily recoverable; and solvents chemical, by which now by transmutations far more marvelous than any dreamed of by the ancient alchemists there come, through all those strange mysterious intermediate states of nascency, changes elemental, final, down to the indivisible by which the old passes away and there is born another substance, compounded of the original elements, but with properties wholly new; changes by which what was may sometimes be seen melting within the glowing retort to a solution of such concealed but concentrated potency as may amaze, stupify, or even destroy the beholder.

For myself, I have a faith immovable that within the huge and fateful alembic of this war, with its choking, poisonous gases, its disemboweling bayonets dripping hot blood, its reeking monster mortars tearing limb from joint and head from torso, with all its human agony mingled with a heroism and devotion which again attest the eternal kinship of man with divinity, there are taking place elemental alterations in the structure of our civilization which mark the everlasting finality of many things which must no longer be in the established social orders of the world—a faith that lets me see the new nascency of that true and efficient cooperative democracy which was both undreamed of and undesired by those whose inordinate hatred, greed, and ambition furnished the fuel and lighted the flames beneath this vast experiment. To my mind the great question now to be answered by this Republic is whether these inevitable social and governmental changes can be effected by a reasonable solution and transformation of what is into what must be, or whether they can only be secured after a dissolution of all existing governmental forms. Which of the great national structures shall prove to have the highest melting point? How long will the high towers of carefully partitioned class and privilege and stage upon mounting stage of cold and hardened caste withstand the softening blasts now bursting forth from these roaring furnaces of war? In Russia government is already molten, formless, and seething chaos there awaits the statesmen with the molds and patterns of free but ordered institutions. Upon what philosophy of government do our heroic French brothers ponder in their trenches, and what is to be the policy of the United Socialists of France, at whose word, not long since, a reactionary ministry fell because merely suspected of having materialistic aims? What is presaged by the quiet, determined voices of English workmen, somewhat suppressed but yet audible across every sea, as they prepare officially to say:

We need to beware of patchwork. The view of the labor party is that what has to be reconstructed after the war is not this or that governmental department, or this or that piece of social machinery, but, so far as Britain is concerned, society itself. At such times it is easier

to slip into ruin than to progress into higher forms of organization. That is the problem which presents itself to the labor party. What this war is consuming is not merely the security, the homes, the livelihood, and the lives of millions of innocent families and an enormous proportion of all the accumulated wealth of the world, but also the very basis of the peculiar social order in which it has arisen. The individualist system of capitalist production, based on the private ownership and competitive administration of land and capital, with its reckless "profiteering" and wage slavery, with its glorification of the unhampered struggle for the means of life, and its hypocritical pretense of the "survival of the fittest," with the monstrous inequality of circumstances which it produces, and the degradation and brutalization, both moral and spiritual, resulting therefrom may, we hope, have received a death blow.

If you prefer the views of a most thoughtful German, Mr. Walther Rathenau, one of the leading business men of Germany, the head of the great General Electric Co. of Berlin, the man who is generally credited with having organized Germany's industries for the war, I read you a few paragraphs from some advanced pages of his book entitled "The New Domestic Economy," as quoted in the New York Times of March 11, 1918:

What is this event, the waves of which are breaking around us? We call it war because it has the form of international war, because the convulsed nations are openly and apparently struggling in earth, water, air, and fire. Coming generations will recognize it. What we are experiencing is the revolution of the world, the volcanic upheaval of the mighty, burning lower strata of the abode of mankind. It is not taking place in the disorderly form of a mass uprising with pikes and scythes, as its early prophets thought. That would have been of small account and would not have thrown the world from its axis.

Made deaf and mad by their inner tension, intoxicated by the last and highest distillations of the old order of things, trembling with nationalism and imperialism, nations must hurl themselves upon nations, in the splendor and discipline of their State and military orders, completely equipped by their industries and their sciences, with the fury and the grief of their souls and hearts.

In reality, however, the old economic order is burning down and the time is drawing near when the old foundation of the social order will catch fire.

Two pillars of the old order will project from the ruins—the monopoly of the great landed estates and of the mineral treasures. But they will gradually lose, no matter how much their property power may grow at first, the legal basis to which they are indebted for their footing. For this flood has not overtaken the world so that the treasures of the earth may be washed up as flotsam upon some blessed Mount Ararat.

I do not fear for the permanence of our own national structure, for it rests upon principles in harmony with universal law, and the adequate application of these principles must give to the world the first complete expression of eternal truth in governmental form. But those great rational fundamental principles have not as yet become wholly incorporate and vital in all the departments and functions of our national life, nor have they yet been scientifically applied to all the changing and ever-increasing complexities of modern conditions and of current social needs. I am willing to grant you, sir, that this is truly "a war of democracy against autocracy," but I must insist that there may be different interpretations placed upon the deeper meanings of the phrase. It seems to me that we are in grave danger of failing to learn the lessons of this war, of being blind to the huge handwriting upon every horizon of the world, if we do not search for the war's more remote causes, which, to my mind, lie far deeper than the ephemeral ambitions, personalities, prejudices, and follies of Kaiser, parliaments, ministers, and kings. This mighty upheaval of the world is in truth but a surface manifestation of a conflict between vast submerged, antagonistic, elemental forces, the resultants of which are to be the determinants which shall move and shape the destiny of men and nations for centuries to come.

It is indeed a war of democracy against aristocracy and the autocracy of expiring monarchy, but it is far more than this, for it is above all a war of democracy against the cruel and grinding autocracy of that inefficiency which inevitably attends all government which is incoordinated and incomplete. It is a war of democracy against the antisocial disintegrating forces of selfish rampant individualism and all the outworn, discredited theories of the *laissez faire*, which are in unyielding opposition to the higher forms of social organization, without which, under modern conditions, there can be no approximation to the realization of democracy's purposes and ideals.

Nations are to be judged not by their constitutions but by their institutions. As the unwritten law outlasts the enacted statute, so has the spirit of aristocracy and of monarchy survived their obsolescent forms and crumbling castles. In Europe the hard refractory crusts of an ancient feudalism have for centuries resisted the high solvent power of nascent democracy, while in America the perpetuated doctrines and traditions which we have inherited from the older governmental systems have impeded the progress and the more rapid and rational evolution of such new and democratic institutions as would conform to and embody the great principles which were so clearly enunciated by the fathers.

We can not at present foresee all the succession of stages through which will come those governmental alterations which



must be the inevitable result of this war, but there can be no doubt that the final product will be a higher form of democratic social organization, and it is imperative that we strive to so clarify our vision that we may comprehend the vast mutations now in progress and give direction to the processes by such strong, intelligent, masterful action as will leave no doubt of our determination to dominate the whole situation, in the hope that, by a rational transformation of what is, this new democracy may come, instead of through those utmost radical revolutions which, if they occur, must involve years of delay, and slow and painful reconstruction, *de novo*, from the completely disintegrated social elements. In order that we may do this we need at once, not merely a new military policy but a whole new national policy, formulated in recognition of the fact that historic evolution, of which this war is but one of the violent stages, has been steadily toward the establishment of a government which should be stable, because a true resultant of individual forces, permanent because broad based upon a popular will freely and intelligently expressed, preserving liberty by a constitution properly defining, limiting, and distributing its various powers, yet so integrated in all its parts and so coordinated in all of its functions as to eliminate chance as it extends with absolute certainty and scientific precision to every citizen the very maximum of opportunity for healthful life, free expansion, self-development, achievement, and happiness.

This great Republic is clogged with human driftwood. There could be no human driftwood in a democratic State formed as ours is, and administered as ours should be, with an intelligent and unwearying determination to translate our ideals into living realities. We have the ideal governmental system, but we have ignored the fact that the extension of governmental administrative function must keep pace with the growth in number and in density of population. We have not in our statesmanship given enough attention to that fundamental law of organic and social evolution which makes clear the absolute necessity for an increase in structure with the enlargement of mass, and the undeniable fact that if the mass increases without a proportionate differentiation, integration, and organization there must certainly develop in the mass areas of malnutrition, proceeding to mortification and corruption, from which areas there must spread the elaborated poisons which will inevitably result in the destruction of the whole.

If a State is to grow in power as it grows in population, if it is to intensify its vitality and move steadily up and on to higher stages of development, it must obey this law of natural, national evolution. In the social body as in the organic there is the constant interplay of centripetal, integrating, and centrifugal disintegrating forces. The progressive state rapidly integrates while the reactionary gradually disintegrates, and it is no doubt true, as stated by one of the greatest of modern philosophers, that in history we may see the incessant struggle between such progressive, forward-looking States and such reactionary, backward-looking States, that in the end the State with the most "viable idea must gain the mastery," and that "history may thus be interpreted as a series of divine reprisals against the just, the partial, the incomplete in government.

Our Republic is a vigorous, progressive, and integrating State. The process of national integration here, however, is but in its incipency, for we are in the early embryonic, formative stages of our national development and the process has, as I have intimated, been to an abnormal degree retarded by a widespread and unreasoning repugnance toward those more advanced forms of scientific social organization, the value of which have been so fully demonstrated, which repugnance is founded upon an undue reverence for the doctrines of unregulated individualism, freedom of contract, and of the *laissez faire* which have been handed down from the aristocratic systems with a large body of our common law.

It would lead me far afield to enter upon a full exposition of my conception of an adequate national organization but such an organization must, of course, be predicated upon the assumption that each child born, or citizen added to our country, becomes at once a national asset and a national liability, an individual to serve, doing his part for his country, and to be with every care conserved; and, being such, his name and the record of his progress and achievement must be most systematically recorded upon the books of his country and, further, that, not by a system of paternalism and socialism, but by a system of properly and justly regulated individualism by the adequate, complete, rational, and effectual functioning of a vigorous and vital national organism, each such individual must be guaranteed an opportunity exactly equal to that of every other for fitting himself for useful and contented citizenship, and, further, guaranteed that irreducible minimum of the necessities for such a citizenship which every normal and properly trained

man can, under proper conditions, earn and has a right to demand. I advocate legislation looking toward the development of such a national organism because I am opposed to socialism. There is grave danger of our now falling into the folly of adopting that panacea for the intolerable ills which follow governmental inefficiency, which consists in calling upon the Government to attempt more, to own more things, and perform more functions. I would not have the Government do more things, but I would have it do things much more effectively. I would not expand the powers of Government but perfect its performance. I would improve social conditions, not by further socializing the State and thus limiting individual opportunity, but by having the Government do its present work so well that every citizen would be truly liberated, given the greatest possible freedom and the largest possible opportunity for growth and achievement.

But whatever may have been our individual political philosophy, we now face one hard, inexorable fact, that, since the most highly cooperative, integrated, socialized, and militarized nation of all time has created modern warfare, such warfare is of necessity the most cooperative and collectivistic of all governmental functions; indeed, of all human undertakings. It is only the most hopeless amateur who disparages and despises a dangerous adversary, for it is imperative to exhaustively investigate and estimate the whole system which makes an enemy powerful in offensive and defensive action, if one is to indulge a reasonable hope of victory over such an antagonist. It is most unfortunate that so few of our English or American statesmen and so relatively few of the military leaders of England and of America have, during the past decades, made any serious investigation of or given any careful consideration to the science of modern warfare as it has been developing in Prussia since the close of the Napoleonic era, and particularly in the German Empire since the Franco-Prussian War. Self-satisfied, absolutely convinced of the superiority of their own systems, these statesmen have, to a large degree, refused to examine the German plan of organization; and, indeed, they have seemed to have deliberately closed their ears to the repeated warnings of those who had with painstaking care studied the German institutions. Our own country, even yet self-deceived, blinding herself to the fearful experiences of England as she has been forced to learn the hard truth by frightful and tragic lessons, is still clinging to the ancient Napoleonic formulae of war. A prominent English authority, writing some time since of Germany and of modern warfare, said:

Military organization has become a science, studied both by statesmen and soldiers. The lessons of history have not been neglected. Previous to 1870 in one Kingdom only was it recognized that intellect and education play a more important part in war than stamina and courage. Taught by the disasters of 1806, Prussia set herself to discover the surest means of escaping humiliation in the future. The nature of war was analyzed until the secrets of success and failure were laid bare, and on these investigations a system of organization and of training was built up which not only from a military but from a political and even an economical point of view is the most striking product of the nineteenth century. The popular idea that war is a mere matter of brute force, redeemed only by valor and discipline, is responsible for greater evil than the complacency of the amateur.

I read the following from the Washington Times of April 1, 1918:

There is as much professionalism in the fighting of war as in prize-fighting. The following statements by an American general, West Point graduate, help us to understand the task that Germany puts before this country and the allies.

The Germans alone know about this kind of war and have prepared for it.

West Point neither taught nor knew anything like it except for observation and recent study. It is as new to the veteran American or English officer as to the 19-year-old recruits.

However great may have been our past devotion to rampant individualism and the system of the "*laissez faire*," we must now arouse the Nation to the realization that we can successfully combat system only with system and organization only with better organization, and that against a socialized and militarized monarchy we must place such a militarized and unified democracy as will be the unconquerable, invincible incarnation of the cooperative spirit in governmental form.

I repeat that I am not a socialist, for I stand squarely in opposition to Government ownership, not because a system of Government ownership is in itself vicious but because such a system would prove in practice to be not only vicious but, I believe, absolutely destructive to our institutions in the absence of that highly developed social sense which in America has, most notably during recent years, been so insufficiently developed. It is but little short of madness for a government to undertake to carry on vast productive enterprises which require a high degree of cooperative effort before there has been developed the true cooperative spirit, and so it is also perilous for this Nation to continue in this war unless we are prepared now to formulate a



national policy the tendency of which will be to subdue the individualistic and to awaken and employ the collectivistic motives.

The Senator from North Dakota [Mr. McCUMBER], in a most able, informing address, and one well worthy of the distinguished abilities which have made him so useful a Member of this body, has most clearly and comprehensively presented many of the phases of this problem. He has demonstrated by a startling array of facts the most serious conditions which now exist in this country as a result, I contend, of our obstinate refusal to adopt those methods of organization which are in harmony with the principles of the modern science of war. It is my personal judgment that the most severe indictment which he drew should have been directed against the legislative department of our Government upon which rests the responsibility for the creation of these conditions.

The masses of the American people were not desirous of having our country drawn into this war, but when on the 2d day of April, 1917, the President of the United States, presumably in possession of facts unknown to the American people and to their Representatives in Congress, advised the declaration of war, the Representatives of the people in both branches of the Congress acquiesced in the judgment of the President, then so recently chosen by the people to direct our national policies in a great world crisis, and gradually there began to be evidenced in all parts of the Republic a spirit of patriotism, of devotion, and of a desire for helpful cooperation, exalting the souls of our people with a high and holy sense of service. It was as though Divinity, while the multitudes were reverently waiting, had profoundly moved and troubled the deep pools of our better natures for a rebaptism of the Republic to a new wholeness, for a healing of whatever infirmities may have insidiously developed within the Nation during the long years of softening, weakening, luxury, prosperity, and peace. Then by a series of most grievous mistakes, which I shall not attempt here to recapitulate, an appeal was permitted to be made to the baser motives of our people and a greed and lust for profit began on every hand to check the rising tides of patriotism.

To-day our condition, as it must appear to any man who will study it critically and impartially, is most alarming. Our capital and labor are not yet scientifically adjusted and applied to the multitudinous parts of this stupendous task of waging war, while, persisting in our determination to ignore the essentially social nature of war, we are attempting to bring about such proper adjustment by frantic appeals to the individualistic motive, by the competitive rather than by the cooperative method. War being so highly socialized an undertaking, a provision, based upon readily available information, should have warned us of what a most unfortunate experience has now informed us, that, since the system of competitive bidding must of necessity make an appeal to the antisocial and profiteering rather than to the social, patriotic motives, it must, therefore, sooner or later make for disintegration and inefficiency instead of for that integration and cooperation so indispensable for effective and masterful national action. In the labor market the method of competitive bidding has enormously increased the nominal wage, and the result of this has been to subject the Nation's resources, even at this early stage of the war, to a most severe and serious strain, while, like all irrational measures, it tends to defeat its own ends, because the real wage can be increased but little ultimately, owing to the fact that certain essential industries which produce the necessities of life, particularly agriculture, transportation, and mining, are not able to successfully compete in the bidding in the open labor market, either because of reasons inherent in the natures of these industries or because of price-fixing regulations under enacted statutes, and hence production in these lines of endeavor is relatively curtailed.

The excessive cost of the governmental undertakings, with the consequent currency inflation, together with an underproduction of the necessities of life, tends to decrease the real wage of all workers, in spite of abnormally increasing nominal wages; and this process, which has now become so critically accelerated by the recent war conditions, is beginning to take on the aspects of an insurmountable obstacle to the successful prosecution of our plans, and it may well develop into a menace to the very stability of our governmental institutions. I need not burden you by marshaling the facts which furnish the fast accumulating evidences of profound industrial unrest. Discontent is increasing and must continue to increase, because men do not desire more money but more of the necessities and commodities of life. This ceaseless shifting of workingmen, this restless moving from place to place, involving a loss of efficiency beyond computation and a serious dilution of skilled labor in every field, must result in the aggravation of that underproduction of necessities which are their ultimate cause.

When American labor learns that not by hard collective bargaining, which results in the increase of the nominal wage without necessarily increasing the real wage, but through true social cooperation stimulating all the processes of production must come the solution of the living problem, then we shall have an industrial peace which will enable us to apply the full power of the Nation to our colossal task. Too much of money and too little of commodities constituted the prime immediate cause of the Russian revolution, for there the workingman could not secure bread, because the farmers at the last refused to sell their wheat in exchange for a depreciated currency. An immediate substitution of the cooperative system for the competitive and the proper application of a rational cooperative plan would very greatly increase production, as a result of which prices would fall, the process of currency inflation would be checked, nominal wages would decline, real wages would advance, and the strain upon our financial resources would be relieved because of the increased national income from this added production of wealth.

The measure which I have proposed to popularize or socialize our war efforts by placing them upon a cooperative basis has been drawn in recognition of those principles which have been so successfully applied in Europe and so incessantly talked of here, for we praise cooperation when we preach but repudiate it when we practice. By the adoption of the principles embodied in this bill we at once discard all the obsolete Napoleonic formulae which deal with war as a problem, the sole factors of which are the armed forces, ammunition, artillery, good generalship, and a rapid series of brilliant military maneuvers by which decisive victories are to be obtained. We reject the now absolutely absurd and impossible distinctions between military and nonmilitary activities and we deal with war as a large problem in social mechanics and dynamics. We approach it with a proper conception of it as a battle between social mechanisms, a contest of industrial endurance, a prolonged remorseless conflict between national elaborative and productive capacities. We treat every necessary process of production and transportation as an essential factor in the military operation. We squarely face the fact that the result will not be determined by the relative strength of armies but by the relative number of units of mechanical destructive power which can be applied. We change the Nation into a mighty rapid-fire machine or engine of war, in which mechanism each man has his respective place, a mechanism the barrel and release of which are to be made up of our troops in the field, while the huge magazine is to be made up of our great reserve of human power constantly transmuting itself through incessant and prodigious labor into destructive mechanical agencies. To be certain of a victory in this war—and we must be certain of victory—we must have a more scientifically constructed, a more economically operated, and a higher-powered machine of war than have the Germans, and we must run it at a more furious speed. When we adopt the principles of this bill we substitute for chance, caprice, and uncertainty a system, a science, which will enable us to meet every emergency in a masterful manner and face every adversity with the calm assurance of our ultimate victory. Can we justify ourselves when the fate of all future civilization hangs in the balance if we neglect to take every precaution? Can we longer ignore the accumulating evidence which indicates a possible breakdown in the near future of all of our national machinery of production? Can we longer close our eyes to the fact that a lack of the proper adjustment and application of labor has already to a dangerous degree curtailed food, ship, munition, and war-plane construction? Shall the safety of our armed forces be jeopardized by a failure to provide here at home against every possible contingency? Shall we continue to send our boys to Europe without that organization which will assure them that a united Nation will supply them with every possible protection? Shall we commit the ages-old folly of placing troops on the position while not controlling all of the factors necessary for the keeping open of the lines of communication?

It is not necessary for me, in view of the startling facts presented by the Senator from North Dakota [Mr. McCUMBER], and other facts, with which you are all familiar, to detain you with an extended analysis of the most serious labor situation which has developed, I contend, not because of any lack of patriotism among our workers, but because these men have not been properly informed as to the great dangers and perils which now confront our Nation; this lamentable lack of information being due to a most unwise censorship of the press and the shortsighted policy of branding as a friend of the Kaiser any man who, because of his deep love for his own country, raises his voice in warning.

I introduce into the RECORD a portion of an editorial upon the labor situation which appeared in the Washington Post of Thursday, March 14, 1918, which gives an excellent summary of the conditions:



[From the Washington Post, Thursday, Mar. 14, 1918.]

## LABOR'S CAUSE.

Amazing revelations respecting the labor situation in this country are contained in a report issued by the National Industrial Conference Board. It shows that during the six months' period from April 6 to October 6, 1917, there were strikes in 2,521 establishments, that a total of 283,402 men were idle, and that 6,285,519 days of production were lost thereby.

What influence this great waste had upon war preparations is, of course, problematical; but it is apparent that it must have been considerable. The delays caused in the production of munitions, arms, clothing, food, and all the variety of necessities of war must, in the aggregate, be responsible for weeks and perhaps months of postponement of the full participation by the United States in the war. And since each day's delay to America in reaching its full strength and exerting it against the enemy means the loss of lives, the suffering of millions who are bearing the direct burdens of the war, and the expenditure of additional millions of treasure, it is not difficult to trace the baneful effect of these labor disputes.

Perhaps the most instructive lessons to be learned from these startling figures will come by studying the causes of the strikes, as given by this board after investigating practically all of the cases and soliciting the opinions of labor commissioners and mediators. Here are the principal causes alleged:

"Increased cost of living and failure of employers in many cases to anticipate this influence.

"Widespread discontent, due to a belief that undue profits had been made by employers out of war business.

"Increased independence of the workers, due in part to a labor shortage and in part to a feeling that the situation constituted labor's opportunity for forcing union recognition or closed-shop conditions.

"Inequality between wages paid in plants engaged on private work and Government or private plants engaged on war work.

"The unsettling influence of the 'cost-plus-profit' feature of many war contracts.

"The Federal administration's virtual indorsement of the eight-hour workday."

Assuming that these are the real causes back of the labor disturbances, it is apparent that both employers and employees are to blame for the disputes which resulted in the loss of 6,285,519 days of production in six months. Both obviously have failed to measure up to their full responsibilities in this emergency.

Industry has profited tremendously through the war; that can not be denied. In this financial prosperity labor is fairly entitled to share, and where employers refuse to pay wages commensurate with their earnings they are dealing unjustly. Not only justice but the ever-increasing cost of living furnishes the basis for the workingman's claim to more pay.

But it must be a serious situation, indeed, that justifies a strike involving a cessation of production in this emergency. In nearly every case, if not all, labor can consistently submit its claims to arbitration with the assurance that they will be properly considered. The pressing interests of the Nation should not be injured by an attempt to enforce demands by either employees or employers.

The Labor Planning Board, now meeting to arrange a labor program, has a great work before it.

The measure which I have offered is really a universal-service bill. It is Senate bill 3440, introduced by me on January 9, 1918, and referred to the Committee on Military Affairs. It embodies the same principles which I first urged upon the consideration of the Senate as an amendment to the selective-service bill, and which were later embodied in a resolution which was presented on the 10th of May last. This is a bill "to authorize the President to further mobilize the Federal forces and to increase temporarily the Military Establishment of the United States." I shall attempt as briefly as I may to give you the substance of the bill.

This bill authorizes the President—

First, To enroll according to residence, age, physical ability, national-ity, training, status, occupation, profession, and condition of employment all male citizens of the United States or male persons, not alien enemies, who have declared their intention to become citizens, whether they be at the time of such enrollment in or out of the service of the United States, between the ages of 18 and 45 years, inclusive, in the following classes according to the ages of those so to be enrolled, and for the following purposes, to wit:

(a) Those between the ages of 18 and 20 years, inclusive, and to denominate those so enrolled the "Federal Cadet Corps," and he is authorized to call members of this Federal Cadet Corps for training, military or nonmilitary, or both, or for other forms of noncombatant national service.

(b) Those between the ages of 21 and 31 years, inclusive, and to denominate those so enrolled the "Federal First Line of Defense Corps," and he is authorized to call members of this Federal First Line of Defense Corps for training, military or nonmilitary, or both, for non-combatant military service or for military service in accordance with the provision of "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917, or for noncombatant national service as hereinafter provided.

(c) Those between the ages of 32 and 36 years, inclusive, and to denominate those so enrolled the "Federal Second Line of Defense Corps," and he is authorized to call members of this Second Line of Defense Corps for training, military or nonmilitary, or both, or for other forms of noncombatant national service as hereinafter provided; and

(d) The President is authorized to enroll all such citizens or male persons, not alien enemies, between the ages of 37 and 45 years, inclusive, and to denominate those so enrolled the "Federal Reserve Corps," and he is authorized to call members from this Federal Reserve Corps for training, military or nonmilitary, or both, or for other forms of noncombatant national service, as hereinafter provided: *Provided, however,* That the President be, and he is hereby, authorized to establish a continuing enrollment in the Federal Cadet Corps, to include those who may from time to time attain the age of 18 years: *Provided further,* That all persons who may be enrolled as heretofore provided in any of such corps shall, at and by the attainment of a higher age, be automatically transferred to the appropriate corps for that particular age.

Third, And in addition to the classification as heretofore provided in accordance with the ages of those to be enrolled, the President is authorized to establish a further classification, based upon the qualifica-

tion, training, or occupation, or previous occupation, of men from the ages of 18 to 45, inclusive, for the purpose of determination of the man power of the Nation, for the more effective mobilization of the men of the Nation for service of the United States, and in particular for those operations which are directly and immediately necessary for the successful prosecution of the war, such as: (a) Combatant military service, (b) noncombatant military service, (c) agricultural and food-production service, (d) manufacturing of iron and steel service, (e) Army and munition transportation-shipbuilding service, (f) Army and munition transportation-navigation service, (g) transportation-railway and railway-equipment building service, (h) railway-operation service, (i) fuel-production service, (j) metal-working and mining service, (k) medical service, and such other activities and services as may be deemed essential or desirable for the successful prosecution of the war, and that the President be, and he is hereby, further authorized to assign those so classified to corps to be formed, mobilized, and designated for the performance of these respective services.

Fourth, That the President be, and he is hereby, authorized to call, for military or combatant or noncombatant national service, as heretofore provided, any or all of those so enrolled in classes or corps in the manner and for the purposes heretofore specified: *Provided,* That the individuals, classes, or corps may be called at such times and in such numbers and may be designated for such of the aforesaid purposes or services as may be deemed necessary or expedient for the prosecution of the war: *Provided further,* That every male person shall, after being designated for a particular corps or service, and after taking the oath of allegiance, be deemed to be in the service of the United States and to be entitled to wear the insignia of his corps, class, service, or rank until dismissed or discharged: *And provided further,* That those thus designated for national service may receive their pay or emoluments in whole or in part either (a) from the United States, (b) from the employer, (c) or from personal earnings as may be determined.

Fifth, The President is also authorized to place in a special classification all those out of employment, with a view to the assistance of such, by means of the Federal Employment Bureau or otherwise, to some suitable form of national service.

The President is further authorized to appoint to commissions for offices of command over or in any of such corps to be thus formed for national service expert men technically trained and preeminently fitted for and actively engaged in the particular line of activity to which the particular corps shall be assigned, and to name certain of such commissioned officers of the highest rank in or over such national corps to serve upon the national service staff, which, together with the military staff, shall, under the President, constitute the war staff or council of the United States for the formulation and execution of plans for the most energetic and systematic conduct of the war: *Provided,* That nothing in this act shall be construed, without special designation or special direction by the President by proclamation or otherwise, as affecting the status of any member of the present forces of the United States: *Provided further,* That nothing in this act shall prevent the utilization for Federal service of those who may offer voluntary service as privates or as commissioned officers who may be of ages greater than 45 years.

The President is further authorized to make recommendations to Congress for the establishment of orders of merit or recognition of unusual, special fidelity, capacity, or valor in national service on the part of privates or officers in the Federal corps thus to be created.

Of course, the plan of registration and classification which I have in this measure proposed is not in any sense complete, for under the ideal system, which must in time be adopted as a permanent national policy, those of all ages and both sexes will be enrolled and proper records of every inhabitant will be made and preserved. I say with perfect confidence that such a complete enrollment, with the keeping of continuous individual records in a systematic manner, must become a permanent national policy for the reason that progressive and rationally organized government in so large a Nation as ours can not in the absence of such a system, by any possibility, be secured. We have already recognized this fact in that we have costly but on the whole unsatisfactory, unscientific methods of registration at the present time. We record the name of the immigrant coming into the country, and he is subjected to certain examinations, of which, I believe, some sort of a record is preserved. Births are now almost universally recorded. The name of the individual is registered, generally, when he takes a contagious disease; when he enters school, at every advancing grade of school; when he marries, enters the public service, or dies; for election and taxation purposes, and now, also, within certain limitations, for his liability for Federal military service. We have also a vast complicated and ineffective periodic registration and one not suitable for securing results in the way of scientific social organization, in the form of our national census. No extended discussion is necessary to convince any thoughtful man that such a periodic census is far less satisfactory in every way, and perhaps not less costly, if we consider how it must be constantly supplemented by the other forms of registration to which I have alluded, than the continuing census or enrollment by which it must sooner or later be superseded.

The various methods of organization for war which have been proposed for our consideration deal largely with the organization and reorganization of the various administrative departments here in Washington, and they all, therefore, must fail to meet the critical situation. This is not a Washington war, for it must be won by our Nation's man power. No matter how perfect the organization of the administrative departments may be, we must remember that they will remain merely directory departments. They can not become power departments, and it makes little difference how perfect such directory departments may be if the power plant is not organized or if the



mechanism for throwing the great machine into gear is disordered.

I can not even enumerate the most salient advantages which I believe would be secured by such legislation. Such a law would (1) reveal to the whole country the real gravity of the situation by bringing the war home to every citizen; (2) arouse the spirit of patriotism and cooperation; (3) reduce unemployment; (4) check the labor turnover; (5) limit the dilution of labor; (6) give the information and the authority for the training of reserves; (7) provide a general staff with real capacity for consultation and power for prompt and comprehensive action; (8) ameliorate most trying conditions and avert grave impending perils by increasing all lines of production. I assume that these powers would be used with discretion and in moderation to bring about gradually by scientific methods the proper adjustment of labor, without in any way causing dissatisfaction or doing violence to existing organizations.

This plan is not more radical and is designed to accomplish the same results as that adopted by England under stress in her munitions act, a convenient summary of which I ask leave to insert:

[From Bulletin of the Patriotic Education Society.]

1. The minister of munitions received power to control factories engaged principally on the manufacture of munitions.
  2. It was agreed that neither capital nor labor should make a profit out of the nation's needs. The Government, having fixed wages, appreciated that it became its duty to see that the labor so dealt with should not suffer from the increased cost of living.
  3. Strikes and lockouts became illegal, and arbitration became compulsory. It was agreed that any trade disputes in war industries should, for the period of the war, be submitted compulsorily to arbitration, which the Government should arrange.
  4. The trade-unions agreed to waive all their practices and customs which tended to restrict either employment or output, such as the employment of only union labor and the use of only skilled persons on skilled jobs; and they promised to do their utmost to see that the agreement was carried through. They agreed also that any person, man or woman, would be allowed to do any kind of work.
- In return for these important concessions the Government pledged itself to restore prewar conditions in shops after the war. The trade-unions, their leaders, and the rank and file, have abided very loyally by that agreement and act. \* \* \* One of the lessons which has been learned in England is that the war is a war of the civil organizations—of mechanism and mechanics, of the machine shop and the factory—just as much as it is a war of the army. Organization of industry at home must be as complete and thorough as at the front. If one leaves organization at home to chance, he imperils the army. Industrial peace at home, continuity of supplies, and ever-increasing output—these things are vital if this war is to be carried through to a successful conclusion. \* \* \* The shifting of labor from establishment to establishment, from work of great importance to work of less importance, from war work to civil work, has been checked by a system of licenses.

I can not take the time to elaborate upon this subject, although illustrations will suggest themselves to your minds. For example, the only limiting factor in the production of steel ships is the constructing labor factor, and under the present system we have no efficient, widely operating employment agencies for placing men in this work, while one yard bids against another, and the labor turnover aggravates the labor shortage. Moreover, many workers do not work over three, four, or five days each week, while they themselves would be more content if they were, as members of the forces of the United States, with all that that would imply, making full time. I need not tell you that our transportation systems have been seriously crippled by this same process of labor dilution, and it has been stated by the Eastern Department of the Railroad War Board that under war conditions labor efficiency has declined 50 per cent through the loss of experienced employees by the railroads. I ask leave to introduce into the Record a statement by Vice President G. L. Peck, of the Pennsylvania Railroad, bearing upon this subject:

[From the Chronicle, Oct. 27, 1917.]

#### LABOR DIFFICULTIES OF THE RAILROADS.

(By G. L. Peck, of the Pennsylvania Lines West, chairman of the Lake coal and ore committee of the Railroads War Board.)

There is rather an anomalous labor situation existing, for the pay rolls of the railroads show that they have about as many men at work in all departments as they had a year ago, or as many as they have ever had in busy times. It is not exactly correct, therefore, to attribute the difficulty to a "shortage" of labor, but it can better be described as a "dilution" of labor—a term with which we have become familiar through the British labor reports, and which represents the very vital problem with which they have been confronted during the past three years. It means that, while the railroads have the same number of men as before, they have lost a very large proportion of their most efficient men, the substitutes having been drawn from the only remaining available supply, which of course means the substitution of inexperienced, "green" hands for men who had become skilled by years of experience in the detailed work of the very intricate machine.

It is not easy to produce statistics to show just what this means in reduced efficiency, but I should say roughly that it amounted to 50 per cent. We are preparing figures to show the periodical "turnover," or exchange of employees, and preliminary reports indicate that in many departments the entire force has been changed since the beginning of the year 1917. In one instance, with a normal force of 9,511 men, there were 6,602 men left the service during the first six months of 1917, and during that period 6,287 new men were employed, leaving a total force on July 1 of 7,701, against the normally required force of 9,511.

The problem of the preparation of our reserves of men for war by the eradication, so far as may be, of illiteracy, by special training courses to provide experts, such as laboratory and other technicians, and by general military training without disturbing the processes of production, presses upon us. The problem of the reconstruction of men returning from the war and of finding for them suitable employment is also here. This reconstruction work by vocational training should be started at once in the base hospitals. As soon as a man is sufficiently convalescent manual, physical, and mental training should be inaugurated under the direction of skilled surgeons, neurologists, and pedagogical experts, and no man should be discharged from the Army until we have, by the utilization of systematic registration, established such employment agencies as will be effective in placing him in suitable and agreeable work. Recently I visited a base hospital where I saw many soldiers returned from France in need of such reconstructive training. I saw men who had been wounded, scalded, frozen, men tubercular, and men paralytic, now in need of further treatment along this line of reconstruction. In this hospital the work has already been commenced through the splendid generosity of a patriotic Maryland man, who is devoting his time and his fortune to the cause of this war, but such a vast undertaking as this will be when thousands are returning can not and should not be carried on by private charity.

I have attempted to present this subject of the necessity for a better national organization in such a way as to lead you from the conception of the bill which I proposed as a measure merely for the conscription of labor. This is not at all a conscription measure if the word "conscription" is employed in its ordinary sense, for it provides for universal service and that form of organization which has now almost entirely supplanted the earlier methods of conscription.

In a democracy, moreover, where sovereignty is vested in the people the term "conscription" takes on a totally new meaning. It is no longer, as in the olden days, a compulsory service by a citizen to the autocratic ruler waging war to promote personal ambitions or to further imperialistic aims. It becomes rather a self-enrollment, an organization of the people by the people for the benefit of each, for mutual protection, and for the common weal.

This bill was drawn upon the theory that in this hour of national trial, or peril, of rare opportunity, each man must be animated by a worthy ambition to play nobly a man's part; that each must share in the responsibility which this Republic has assumed for the welfare of the world; that each, as he participates, would serve his country better if enrolled as one of her defenders, and that, no matter how humble his labors, they would take on new dignity and worth because of his country's recognition of the service. I would bespeak your support for no measure which by whip and leaded thong would scourge an American citizen like an unwilling quarry slave to an unwelcome or a hated task. I would rather, by proper legislation, open a golden door of priceless privilege through which each and every citizen of this Republic might enter into the courts of that new temple of a more fully realized, more highly organized, cooperative democracy, where, in a new communion of service all the men of the Nation, in army and in industry, would do valiant battle side by side to usher in a great new epoch in the affairs of men.

Conscription implies compulsion, but compulsion may promote true freedom. Liberty is limited by license and rampant individualism, which resents all restrictions, of necessity enslaves. Thus an absolute freedom of choice may place a man in everlasting bonds of ignorance while compulsion to education liberates the mind, and through a universal liberation of minds there become incorporate in governmental form democracy and highest liberty. This bill is drawn upon the assumption that who in time of war best serves his country serves himself best.

The more advanced forms of national organization involve a higher sense of duty on the part of the citizen to the State and on the part of the State to the citizen. It has been said that "federation is the condition which precedes unity." We have challenged a mighty adversary and, for our own preservation we must now quickly pass from the loose and cartilaginous stage of careless youth into the well-knit and tougher unity of maturity, with all its augmented feelings of mutual responsibility. Citizens must be loyal, but the State dare not be either forgetful or neglectful. The dutiful service now required of the citizen demands the immediate fulfillment, so far as may be, of those imperative duties which our Nation has for so long been lamentably failing to perform.

The added speed and load of war has put tremendous strain upon the machinery of our Government and grave administrative defects, long since observed by the more expert, now stand



forth revealed in startling clarity to all. But, you may say, these are, of course, only minor administrative failures. I reply that no governmental failure is ever trivial, for each seems to be inevitably followed by a long grizzly train of human ill and agony and destruction beyond all computation. Our failure to properly apply the principles of our democracy to all the complexities of modern social conditions, to attain the higher degree of administrative efficiency, now so indispensable, has filled unspeakable almshouses and prisons, partially pauperized nearly three millions of our people, and consigned millions more to hopeless illiteracy, while it has placed in countless potter's fields and unknown cemeteries the graves of those who have been mercilessly slaughtered through the neglect of Government.

In this most imperfect attempt to discuss so vast a subject I fear that I may have presented what may seem to you a mere collection of trite and useless generalities, and I would, therefore, if time permitted, take up in fuller detail a consideration of some of the almost inconceivably frightful consequences of past administrative neglect. I would in doing this desire to discuss the subjects of public education; unnecessary unemployment; the problem of public health; of poverty and high living costs in this land capable of supporting in ease and luxury a half a billion people; the untold hardships which have been inflicted by our failure to grasp the absolute need for accident, unemployment, ill health, and other forms of insurance; and also the great cooperative movements now in progress within the various countries of the world.

My good friends who are so eager for the Government ownership and operation of all the instrumentalities of production, who praise the vastly superior administrative powers of political appointees, would do well to carefully consider and investigate the failure of Government in these fields, more particularly in that of public education in this Republic. I venture to make the suggestion that public education must precede public ownership, and until we secure the benefits and blessings of the first, I, for one, shall pray for the deliverance of our country from the last.

Free government is the highest social product of liberated minds. True democracy can not exist without an absolute equality of educational opportunity. Except in a few States our system of education is obsolete, incomplete, and, in its higher departments, almost wholly undemocratic. Where we should have a universal, compulsory, scientific system of democratic education and training, extending from the kindergarten to the highest professional school and all departments available to every individual according to his intellectual powers, we really have at present no system worthy of the name.

I need not discuss those aristocratic schools to which rich men send their sons to be trained, if you please, in the gentle art of being gentlemen, but, without burdening you with statistics I shall advert to the subject of our public schools.

Our system of public education as supported by the States rests upon the assumption that in a democracy every citizen should be informed, enlightened, physically and mentally developed, cultivated in civic virtue, and fitted for some specific service in the community, and upon this assumption sums unparalleled in any age, or in any nation, have been devoted to the education of our youth.

We have as States an investment in our school plants of nearly one billion of dollars and we expend for their support approximately a half a billion dollars each year. Yet to the shame of this Republic it must be said that out of the 25,000,000 of children of school age in this country, according to the last census, only 20,000,000 are enrolled, and of these only 14,000,000, 56 per cent, actually attend school, and these only average 160 days' attendance in the year for the whole country, while in 42 States the average school year is less than 100 days. Is it strange that, under these circumstances, we should have this shocking illiteracy, to which attention has but recently been called by the Secretary of the Interior, Franklin K. Lane, which is hampering our military preparations and is the subject of our debate to-day in this Chamber? While it is true, as has been said, that we had in 1910 only five and one-half millions of persons above 10 years of age who could neither read nor write their names, these figures do not represent the true condition, for many times this number are not properly fitted for useful citizenship or service in this hour of national necessity because of the lack of the proper kind of physical and mental training. We need greater thoroughness in all our methods. There should be more of the technical, industrial, and vocational training of our youth as a means for the upbuilding of a sounder and larger structure of national prosperity. Our public schoolhouses should be democratic centers for the illumination of the minds of youth and adult, social as well as intellectual centers. Our public schools should be good enough for any

youth of our land and none too good for all. Classification and separation should be made when advisable without that discrimination against any class which works injustice, breeds illiteracy and incompetence, and is incompatible with our democratic ideals. Attendance should be universally compulsory, and all the various State systems should be standardized.

I can not at this time enter upon a more extended discussion of the problem of unemployment which, even now, in the face of an apparent shortage of labor, is a most serious one. War by its marked disturbance of the industrial equilibrium creates at its beginning, and, of course, more particularly at its close, a vast amount of unnecessary unemployment which can be met only by scientifically organized and efficiently conducted State and Federal employment agencies.

I wish that I might dwell upon the problems of the proper forms of social insurance which, in my judgment, have a direct relation to this large problem of applying our labor cooperatively to this task of war. We have recognized this in our war-risk insurance legislation which, while not commending itself in some of its provisions to my judgment, was nevertheless the first step toward some consideration of this question.

The mining of coal, the building of ships, the transportation of military supplies must all be considered military operations according to the new formulae of war. The question at once arises whether those who may be killed or maimed in these industries during the war shall be assured, under some adequate system, some compensation for the sacrifices which they shall thus make in the defense of their country. I have always contended, sometimes in the face of strong opposition, that these problems of public education, of unemployment, of social insurance, and of the public health must ultimately be dealt with as large national problems, and that a neglect of them would sooner or later bring us face to face with a grave national emergency, an emergency which is now upon us as we confront enemies, who are most dangerous because, as I have before noted, they have long realized that "intellect and education" play a larger part in war than "stamina and courage."

It may be that there are left some men in public life who will continue to maintain that the problem of public health and vitality is a purely local one, even in view of the fact that at a time of national peril so many of our youth have been found to be diseased, underdeveloped, or otherwise physically unfit. It is perhaps an unfortunate fact that disease germs have not generally profited by courses in constitutional law, and hence do not recognize the boundaries of States and all the nice distinctions of State and Federal sovereignty.

We can not as a Nation continue longer inactive in the face of the unfitness of so many of our youth, of the further fact that purely preventable diseases are taking an annual toll of much more than a billion and a half of dollars in money loss alone, and, what is more and worse, unnumbered lives and an immeasurable sum of human suffering and bereavement. Typhoid fever alone, a horrible disease, protean in form, insidiously destructive, resourceful to both kill and maim, a water-borne disease, entirely preventable, caused largely by the fact that we force the people of one community to imbibe the filth and excretions poured into our interstate streams by communities above, collects an annual toll of more than \$350,000,000 and takes the lives of many victims. This pollution of our streams, with our increasing population, becomes a constantly growing menace. Tuberculosis, likewise preventable, a disease which flourishes under the insanitary conditions where population presses, probably costs us alone a billion dollars a year. One-half a million of men are maimed each year in our industries and one-half of these accidents might easily be avoided. Three million people are sick in bed all the time in the United States, and about one-half of them are ill with preventable diseases. At least 2,000,000 of our citizens are suffering from a terrible disease which is now spreading with frightful rapidity because of war conditions. Facts and figures might be multiplied. We can not calculate the enormous reduction in incompetency, criminality, vice, disability, and poverty which would result from properly organized and conducted departments of public health, education, employment, and insurance.

I have detained you far too long, but I have desired to mention these subjects to indicate that I conceive this problem of a better national organization to be an intensely practical one.

I would not have you think that the plan which I have proposed in this bill is novel, untried, theoretical, or revolutionary. History proves conclusively that national integration and social consolidation constitute the normal reaction and the proper protective response to the compressive forces of war.

I wish that I might also impress upon you my deep conviction that should we adopt some such plan of national organization we would at once demonstrate both to our allies and to our enemies that we also know the game of modern war. We would



serve notice by such action upon the German Empire that we have a clear comprehension of the "nation in arms" and that we, a free people, propose to be prepared to meet and to conquer it. To do this would, in my judgment, mean the conservation of the lives of many thousands of our soldiers and the winning of an easier and an earlier victory.

It is now for us to make and keep the American democracy worthy of all this sacrifice for its preservation, a democracy whose transcendent excellence must arouse the admiration and the emulation of all other peoples.

We must think greatly and greatly act. We must think not longer in terms local, but nationally, looking ever to our more complete national unification and development, to the turning of all of our vast potentialities into actual power. We must moreover learn to think in terms international, looking to the effective and extended use of that power for world advancement.

I wish that I might feel that I have made clear my views as to what this war should mean to our country. We must not fail at any point, and we shall fail in a large part, if not in all, if through the trials of war our democracy does not become so ordained and integrated that each last citizen shall through all the future be given opportunity to be truly and in the highest sense liberated.

The measure which I have proposed is designed to furnish the machinery of organization by which America shall learn for the first time the full meaning of the joy which springs from vast cooperative effort in a great and righteous cause, by which each man may be extended the privilege of doing his part in this the mightiest enterprise of time. I believe that when we adopt the principles embodied in this bill and offer to each man his opportunity there will be a response which will reveal this Republic in all her magnificence, rising to the full measure of her responsibilities.

In words spoken by Vice President MARSHALL:

In the hour of war there can be only one shrine for all men who are really patriotic, and that shrine embraces a vision of the God of the Republic. Let men divest themselves of their political garb and personal trappings. Let them, as Moses at the burning bush, come unshodden. Let them cry out to the Republic, "What wilt thou have me to do?"

Mr. President, the Germans are neither materialists nor atheists. They are idealists and deists. They worship the world god of Hegel and of history, the mighty god of blood and battle, but they have become forgetful of the God of the beatitudes and of the second golden commandment. Him, whose almighty arm has swept into the rubbish heaps of time the empires of the past which refused obedience to these laws, we must hear first.

Let us so order our Government that not mere legal but social justice, not the cold word but the veritable and vital spirit of our institutions may be fulfilled; and let us make our country an invincible avenger of these great wrongs, forgetting not the God of battles who was with our fathers, and mindful ever that it can not be His will that any nation shall with impunity stretch forth a profane and unclean hand to defile or despoil the Ark of that Sacred Covenant made with the fathers, when upon a bleak, a barren, and an inhospitable shore they knelt down and dedicated this new land to liberty, to justice, and to Him.

#### REORGANIZATION OF EXECUTIVE DEPARTMENTS.

During Mr. FRANCE's speech.

The PRESIDING OFFICER (Mr. WATSON in the chair). The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which is Senate bill 3771.

The Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3771) authorizing the President to coordinate or consolidate executive bureaus, agencies, and offices, and for other purposes, in the interest of economy and the more efficient concentration of the Government, which had been reported from the Committee on the Judiciary with amendments.

Mr. OVERMAN. I will inquire of the Senator from Maryland how long he expects to occupy the floor.

Mr. FRANCE. I will say to the Senator that I dislike to detain the Senate, but on last Friday I gave notice that to-day at the close of the morning business I would address the Senate on this subject. I fear that it is going to take me until nearly 3 o'clock.

Mr. NELSON. I suggest to the Senator from Maryland that he has the floor and he can continue his speech on the bill before the Senate.

Mr. LEWIS. There is no disposition to cut off the Senator.

Mr. OVERMAN. Certainly not. There is no disposition to cut off the Senator in his speech. I merely wished to know how long he expected to take.

Mr. FRANCE. I hope to finish before 3 o'clock, because I dislike to delay the Senate unnecessarily, and I wish to say that the observations which I have made bear quite directly upon the bill which the Senator has in charge.

Mr. OVERMAN. I appreciate all that, and I did not intend to cut off the Senator, but merely wished to know how long he would take, as I desire to follow him.

The PRESIDING OFFICER. The Senator from Maryland will proceed.

After the conclusion of Mr. FRANCE's speech,

Mr. OVERMAN obtained the floor.

Mr. KIRBY. Will the Senator from North Carolina yield to me?

The PRESIDING OFFICER (Mr. HARDING in the chair). Does the Senator from North Carolina yield to the Senator from Arkansas?

Mr. OVERMAN. I do.

Mr. KIRBY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Baird	Jones, Wash.	Owen	Smith, Md.
Bankhead	Kellogg	Page	Smoot
Calder	Kenyon	Penrose	Sterling
Chamberlain	King	Phelan	Stone
Culberson	Kirby	Pittman	Sutherland
Cummins	Knox	Ransdell	Thomas
Fall	McCumber	Reed	Thompson
Fletcher	McKellar	Robinson	Tillman
France	McLean	Saulsbury	Townsend
Frelinghuysen	Martin	Shafroth	Trammell
Hale	Myers	Sheppard	Wadsworth
Harding	Nelson	Sherman	Warren
Hardwick	New	Simmons	Watson
Henderson	Norris	Smith, Ariz.	Williams
Johnson, Cal.	Overman	Smith, Ga.	Wolcott

Mr. PITTMAN. I wish to announce the absence of the following Senators, who are in attendance upon a hearing in the Committee on Indian Affairs: The Senator from New Mexico [Mr. JONES], the Senator from Wyoming [Mr. KENDRICK], the Senator from Idaho [Mr. NUGENT], the Senator from North Dakota [Mr. GRONNA], the Senator from Kansas [Mr. CURTIS], the Senator from Oregon [Mr. McNARY], and the Senator from Arizona [Mr. ASHURST].

Mr. TRAMMELL. I desire to announce the necessary absence from the Chamber of the junior Senator from Mississippi [Mr. VARDAMAN].

The PRESIDING OFFICER. Sixty Senators have answered to their names. There is a quorum present.

Mr. OVERMAN. Mr. President, the bill which is now before the Senate has not yet been read in this body, and I ask that it now be read.

The PRESIDING OFFICER. The Secretary will read as requested.

The Secretary read the bill (S. 3771) authorizing the President to coordinate or consolidate executive bureaus, agencies, and offices, and for other purposes, in the interest of economy and the more efficient concentration of the Government, as follows:

*Be it enacted, etc., That for the national security and defense, for the successful prosecution of the war, for the support and maintenance of the Army and Navy, for the better utilization of resources and industries, and for the more effective exercise and more efficient administration by the President of his powers as Commander in Chief of the land and naval forces the President is hereby authorized and empowered to make such redistribution of functions among executive agencies as he may deem necessary, including any functions, duties, and powers hitherto by law conferred upon any executive department, commission, bureau, agency, office, or officer, in such manner as in his judgment shall seem best fitted to carry out the purposes of this act, and to this end is authorized to make such regulations and to issue such orders as he may deem necessary: *Provided*, That this act shall remain in force during the continuance of the present war and for one year after the termination of the war by the proclamation of the treaty of peace, or at such earlier time during the said year as the President may designate: *Provided further*, That the termination of this act shall not affect any act done or any right or obligation accruing or accrued pursuant to this act and during the time that this act is in force.*

SEC. 2. That in carrying out the purposes of this act the President is authorized, in such manner as he may deem most appropriate, to coordinate or consolidate any executive commissions, bureaus, agencies, offices, or officers, to transfer any duties or powers from one existing department, commission, bureau, agency, office, or officer to another, to transfer the personnel thereof or any part of it either by detail or assignment, together with the whole or any part of the records and public property belonging thereto, and to employ by Executive order any additional agency or agencies and to vest therein the performance of such functions as he may deem appropriate.

SEC. 3. That for the purpose of carrying out the provisions of this act, any moneys heretofore and hereafter appropriated for the use of any executive department, commission, bureau, agency, office, or officer shall be available for the purposes for which it was appropriated under the direction of such other agency as may be directed by the President hereunder to perform and execute said function.

SEC. 4. That during the time this act is in force all restrictions in any existing law creating any executive department, commission, bureau, agency, office, or officer, or defining the duties thereof, shall be deemed to be suspended to the extent that they may be inconsistent with the exercise of the authority herein conferred.

Mr. OVERMAN addressed the Senate. After having spoken, with interruptions, for about two hours, he yielded the floor for the day.

#### ORDER OF BUSINESS.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Missouri?

Mr. OVERMAN. I do.

Mr. REED. I understood from the Senator's remarks that he would not be able to conclude this evening. I apprehend that he would not be averse to taking an adjournment at this time. He has spoken now at some length, and I wanted to ask the Senator if it would be against his desire if I should make a motion to adjourn?

Mr. OVERMAN. I shall be glad if the Senator will do so, because I am a little fatigued and I can conclude in the morning in about 20 minutes.

Mr. REED. I move that the Senate adjourn until 1 o'clock to-morrow. There are some important committee meetings, and I think we ought to have the time to attend to our committee work, if that is not objectionable.

Mr. OVERMAN. I should like, if the Senator pleases, to get consideration for our bill which was reported this morning. If we can meet at 12 o'clock—

Mr. REED. Meeting at 1 o'clock will not shorten the morning hour.

The PRESIDING OFFICER. The Senator from Missouri moves—

Mr. SMITH of Georgia. Mr. President, before the motion is put, I wish to say to the Senator from North Carolina that the bill that we had up during the morning hour to-day went over to accommodate the Senator from New Hampshire. I think it is now practically in shape where there will be no further opposition to it. One or two amendments will be accepted, and I am very anxious that the consideration of that bill be finished.

Mr. REED. This motion will not shorten the morning hour.

Mr. GALLINGER. It will make the morning hour last until 3 o'clock.

Mr. SMITH of Georgia. There is another bill that the Senator from North Carolina wishes to get up during the morning hour also. I think we can finish ours in 10 minutes.

Mr. OVERMAN. I always dislike to displace a bill that has already had an argument, and I am perfectly willing to let the Senator take a vote on it, although when the hour of 3 o'clock arrives I shall want to proceed with this bill.

Mr. SMITH of Georgia. Oh, I do not mean to hold on when the unfinished business is reached. I was referring to the bill the Senator reported to-day, that he said he wanted to get up in the morning hour.

Mr. OVERMAN. I do want to get it up in the morning hour.

Mr. SMITH of Georgia. I said that we wanted to finish the bill we had partly heard during the morning hour before this other bill is taken up in the morning hour. Of course, if we have not finished its consideration by the time the morning hour is concluded, I should desire to have the bill laid aside, because I think we ought to go right on with this bill.

Mr. OVERMAN. I want to say to the Senator from Georgia that I fully agree with him; but I am going to make a motion, if the Chair will recognize me, to take up the bill to which I refer the first thing in the morning hour, because the Senator realizes that that bill, of all bills, must be passed at once.

Mr. SMITH of Georgia. I do not think so, Mr. President. I think the Senator ought to allow the bill upon which we have spent two mornings, and which is practically finished, to be finished before we take up another bill in the morning hour.

Mr. OVERMAN. I can not consent that the bill I reported this morning shall not be taken up until some other one is disposed of. That bill must be passed within the next day or two. The department has urged it, and therefore it ought to come before anything else. I am satisfied that there will be no time wasted. I do not think there will be any argument about it. The bill has been unanimously reported from the committee. The Senator was not there.

The PRESIDING OFFICER. The question is on the motion of the Senator from Missouri [Mr. REED] that the Senate adjourn until 1 o'clock to-morrow.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, April 3, 1918, at 1 o'clock p. m.

## HOUSE OF REPRESENTATIVES.

TUESDAY, April 2, 1918.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Our Father in Heaven, Source of every high and noble impulse, quicken our minds and hearts with Thy Spirit, that we may go forward in the new day to larger conquests and greater victories for ourselves as individuals and for our Republic; that the world may be better that we have thought and acted; and all praise be Thine, through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### ASSISTANT SECRETARY OF WAR.

Mr. DENT. Mr. Speaker, I submit herewith a conference report upon the bill (H. R. 9352) to amend an act entitled "An act providing for an Assistant Secretary of War," approved March 5, 1890, and for other purposes, for printing under the rule.

The conference report (No. 451) is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9352) to amend an act entitled "An act providing for an Assistant Secretary of War," approved March 5, 1890, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed, strike out all after the word "Senate" in line 10 of the engrossed bill down to and including "year" in line 11 of said bill, and insert a period and the following: "The Assistant Secretary shall be entitled to a salary of \$5,000 per annum, payable monthly, and the Second Assistant Secretary and Third Assistant Secretary shall each be entitled to a salary of \$4,500 per annum."

And the Senate agree to the same.

S. H. DENT, Jr.,

W. J. FIELDS,

D. R. ANTHONY, Jr.,

Managers on the part of the House.

GEO. E. CHAMBERLAIN,

F. E. WARREN,

Managers on the part of the Senate.

#### MILITARY ACADEMY APPROPRIATION BILL.

Mr. DENT, by direction of the Committee on Military Affairs, submitted the bill (H. R. 11185) making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1919, and for other purposes, which was read a first and second time, and, with the accompanying report (No. 452), referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. KAHN] may have the right to reserve all points of order on the bill.

The SPEAKER. The gentleman from Alabama submits the Military Academy appropriation bill, and asks unanimous consent that all points of order be considered as reserved by the gentleman from California [Mr. KAHN]. Is there objection?

There was no objection.

#### BIRD RESERVATION.

Mr. STAFFORD. -Mr. Speaker, I wish now to enter a reservation of all points of order to the bill (H. R. 10612) to restore to the public domain certain lands heretofore reserved for a bird reservation in Siskiyou and Modoc Counties, Cal., and Klamath County, Oreg., and for other purposes, which was introduced as a privileged bill on Saturday last by the gentleman from California [Mr. RAKER].

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. McLEMORE for 15 days, on account of important business.

#### ALIEN WOMEN.

Mr. WEBB. Mr. Speaker, I ask unanimous consent that the bill H. R. 9504 be taken from the Speaker's table, that the Senate amendments be disagreed to, and that a conference be asked. That is the bill known as the bill to include alien women in Revised Statutes, section 4067.



The SPEAKER. The Chair will ask the gentleman to let that go over until later in the day, as the bill does not appear to be on the Speaker's table.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Young, one of its clerks, announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 3874. An act providing medals for certain persons;  
S. 3802. An act authorizing appropriation made for the national security and defense to be used for the purchase of real estate or the use thereof when such purpose is not specifically stated in said appropriations;

S. 3384. An act to amend the public-building act approved March 4, 1913;

S. 4138. An act to amend certain sections of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, and for other purposes;

S. 3388. An act to amend the emergency shipping funds provisions of the urgent deficiency appropriation act approved June 15, 1917, so as to empower the President and his designated agents to take over certain transportation systems for the transportation of shipyards and plant employees, and for other purposes;

S. 4102. An act granting the consent of Congress to the county commissioners of Bonner County, Idaho, to construct a bridge across the Clark Fork River in Bonner County, Idaho;

S. 4127. An act to authorize the W. M. Ritter Lumber Co., a corporation to construct bridges across the branches and tributaries of the Big Sandy River and their tributaries in the counties of Buchanan and Dickenson, in the State of Virginia; and

S. 1738. An act for the relief of the Southern States Lumber Co.

#### MESSAGES FROM THE PRESIDENT OF THE UNITED STATES.

Sundry messages, in writing, from the President of the United States were communicated to the House of Representatives by Mr. Sharkey, one of his secretaries.

#### EXPORT TRADE.

Mr. WEBB. Mr. Speaker, I submit herewith for printing, under the rule, a conference report upon the bill (H. R. 2316) to promote export trade, and for other purposes.

The conference report (No. 450) and statement are as follows:

#### CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2316) to promote export trade, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 8.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, and 4, and agree to the same.

Amendments numbered 5 and 6: That the House recede from its disagreement to the amendments of the Senate numbered 5 and 6, and agree to the same with amendments as follows: In lieu of the matter stricken out and the matter inserted by said amendments strike out, in lines 1, 2, and 3, page 3, all of section 2 after the word "or," in line 1, page 3, the matter stricken out being "intentionally and unduly enhances prices within the United States of commodities of the class exported by such association," and insert in lieu thereof the following: "intentionally enhances or depresses prices within the United States of commodities of the class exported by such association, or which substantially lessens competition within the United States or otherwise restrains trade therein"; and the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment as follows: In line 18, page 5, strike out the words "or intentionally and unduly," and in line 20, page 5, after the word "association," insert the words "or substantially lessens competition within the United States or otherwise restrains trade therein"; and the Senate agree to the same.

E. Y. WEBB,  
C. C. CARLIN,  
A. J. VOLSTEAD,

*Managers on the part of the House.*

ATLEE POMERENE,  
JOS. T. ROBINSON,  
ALBERT B. CUMMINS,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2316) to promote export trade, and for other purposes, submit the following written statement explaining the effect of the action agreed on:

On amendments Nos. 1, 2, 3, and 4, on which the House recedes, have the effect of excluding from the comprehensive definition given in the section of "export trade" the selling of the goods, wares, or merchandise for resale, as well as for consumption, within the United States of any Territory thereof.

On amendments Nos. 5 and 6, on which the House recedes with amendments, do not substantially change the act. The language substituted was agreed upon in conference as more clearly and accurately defining the things which an association formed under the provisions of this act could not do and be protected by the provisions of the act.

On amendment No. 7 is a change in language used, to make it conform to the amendments made in Nos. 6 and 7.

On amendment No. 8: The Senate here recedes, which leaves the matter involved as originally passed by the House.

E. Y. WEBB,  
C. C. CARLIN,  
A. J. VOLSTEAD,

*Managers on the part of the House.*

#### INDIAN APPROPRIATION BILL.

Mr. CARTER of Oklahoma. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8696) making appropriations for current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1919, with Senate amendments thereto, disagree to all of the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to take from the Speaker's table the Indian appropriation bill, disagree to the Senate amendments, and ask for a conference. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to have the attention of the chairman of the committee for a moment. There are 92 amendments added by the Senate to the bill, some of them of the most important character, particularly amendment No. 92, providing for the withdrawal of trust funds of the Indians from the Treasury of the United States and authorizing the Secretary of the Interior to deposit them in banks. I believe that as to that amendment, if it is to be agreed to in conference, opportunity should first be given to the House to take its judgment upon it before agreement is made. Then, as to the so-called McMurray claim amendment, No. 67, the Committee on Indian Affairs has reported upon that claim and has made some amendments, which removed the objectionable features of the bill that were protested against by the gentleman from Illinois [Mr. MANN] at the last session, but which are not eliminated from the amendment as reported by the Senate. If the conferees should agree to the amendment in the form reported by the House committee, with those provisions stricken out, with the additional provisions at the end of the amendment, I would have no objection to it, but I think it is necessary otherwise in order to safeguard the rights of the Indians to have a vote upon it before it be agreed to. I am merely expressing my interest in that amendment. There are two other important amendments which I think the House is deeply interested in; those are the Mississippi Choctaw Indian amendment, appropriating \$150,000, and the amendment appropriating \$175,000 for certain Indians in Texas, both out of the Treasury. I do not think that in these times that we should launch upon that policy, and I respectfully ask the chairman as to those two items, if they are not disagreed to, to bring them back into the House for a separate vote.

Mr. CARTER of Oklahoma. Mr. Speaker, I agree with the gentleman from Wisconsin [Mr. STAFFORD] with reference to the last two amendments. They constitute a departure from the policy of the Government in the past to a certain extent, to wit, they go out and take under the wing of the Government Indians who are not now under supervision of the Government. There is some precedent for that, however, in the case of Rocky Boy's Band of Chippewas in Montana, I think it is, the Seminole Indians in Florida, and the homeless Indians in California; but each one of these questions, as I recall, was settled by the House itself and not by the conferees appointed for adjudicating differences between the two Houses of Congress.

I think certainly questions of policy ought to be settled by the House and not by any three or six men in conference. With

reference to the first matter to which the gentleman calls attention, I have not examined the amendment closely enough to know just what it does provide. If it is in conformity with the rule that has been adopted in reference to the Five Civilized Tribes, it may relieve the Federal Government from paying interest on tribal funds.

Mr. STAFFORD. I will say the Five Civilized Tribes are not affected by this amendment.

Mr. CARTER of Oklahoma. The Five Civilized Tribes have a provision similar to that now by which their funds are not held in the Treasury, but placed in banks, and the bank pays interest on the funds rather than the Government paying interest on them, which relieves the Government from any obligation they may have in reference to interest. Now, what is the other?

Mr. STAFFORD. If the gentleman will permit, in ordinary times when the Government was not so hard pressed for the use of these trust funds we might agree upon a policy of allowing funds to be withdrawn from the Treasury and deposited in National and State banks, but I question whether an amendment of that import should be agreed to in conference—

Mr. CARTER of Oklahoma. The gentleman certainly knows—

Mr. STAFFORD (continuing). Without first submitting it to the House for consideration.

Mr. CARTER of Oklahoma. The gentleman certainly knows the Federal Government does not use the trust funds of its wards for payment of governmental obligations. They are not carried in the Treasury balances.

Mr. STAFFORD. But the balances can be used, and tends to swell the Treasury funds?

Mr. CARTER of Oklahoma. No; the trust funds of the Indians are not used in the payment of any Government obligation and are not carried in the Treasury balances. They are carried separate and apart from the available funds on hand for the discharge of obligations of the Federal Government. They are so considered and carried that way on the books of the Treasury, but as to that I shall not be contentious about it if the other conferees do not. Personally I would not object to having that settled by the House now or hereafter. Now, what is the other?

Mr. STAFFORD. The McMurray claim.

Mr. CARTER of Oklahoma. In relation to that claim, I will say to the gentleman the provision carried in this bill I consider a better provision, giving better protection to the Indians, than that reported from the Committee on Indian Affairs, because this provision provides that McMurray can not go to the Court of Claims upon his suit until he has first filed a bond for any judgment that the Indians might recover against him.

Mr. STAFFORD. I am in favor of that protection.

Mr. CARTER of Oklahoma. There is another provision carried in this claim item with reference to the cancellation of leases. In a former bill introduced a somewhat similar provision was carried, except the cancellation dated back to the time it was discovered that no available coal laid underneath the lease. The proposition contained in this bill provides that the cancellation shall not be had until 30 days after the adjudication of this claim. To be more specific, the Senate amendment to this bill provides for the future cancellation of leases found to be noncoal bearing and on which royalties are not paid, not at the same date in the past, but 30 days after the settlement of this controversy. That is not objectionable to me, but really it seems an equitable thing to do.

Mr. STAFFORD. The gentleman recalls the bill as reported to the House struck out the provision that met the objection of the gentleman from Illinois.

Mr. CARTER of Oklahoma. That is one of them.

Mr. STAFFORD. And another one which is not stricken out in the Senate amendment providing as to the amount to be calculated as being a fair and equitable basis.

Mr. CARTER of Oklahoma. That provision still is in the Senate bill as it passed the Senate.

Mr. STAFFORD. But not in the bill as reported by the House committee.

Mr. CARTER of Oklahoma. I am frank to say I have never been able to see any very strong contention for the striking out of that language, and I can not see any very serious objection to its being stricken out. If the matter is going to be settled, I can not see why it should not be settled on a fair and equitable basis.

Mr. STAFFORD. I think it is better in that particular to follow the recommendation of the House committee.

Mr. CARTER of Oklahoma. We favor the plan reported by the House committee, but we would not want to eliminate the

requirement for bond by the plaintiff in case the Indians secured a judgment.

Mr. STAFFORD. I favor that provision, as I told the gentleman in a private conversation before he brought it on the floor.

Mr. KNUTSON. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the Committee on Indian Affairs in reference to amendment 25.

Mr. CARTER of Oklahoma. I do not remember what amendment 25 is.

Mr. KNUTSON. That is an amendment to provide for the expenditure of an unexpended appropriation which was made in the last Congress to be used for fixing up a stretch of road between the Indian school and the nearest trading point.

Mr. CARTER of Oklahoma. That is the Senate amendment—

Mr. KNUTSON. I will say to the chairman I offered an amendment, and it was ruled out on a point of order by the chairman of the committee, notwithstanding the fact that the Indian Department had recommended this expenditure.

Mr. CARTER of Oklahoma. Well, Mr. Chairman, as a Member of the House and as a House conferee, the obligation will be on the House conferees to stand for the bill as it passed the House, but just how far the conferees will go in that respect, of course, it will not be possible for me to say. If the Senate presents a just proposition that a conferee felt he could justify himself in agreeing to, I think it might be possible to agree to it, but it would have to be a just proposition, such as he could justify before the House, before we would agree to it.

Mr. KNUTSON. The department has recommended it, I will say to the chairman.

Mr. CARTER of Oklahoma. I never knew anything for the expenditure of funds out of the Treasury that the department did not recommend.

Mr. KNUTSON. Fifty per cent of this expenditure—

Mr. CARTER of Oklahoma. Is this money paid out of the tribal funds or out of the Federal Treasury?

Mr. KNUTSON. Fifty per cent of it is to be paid out of the tribal fund and 50 per cent by the counties through which the road runs.

Mr. CARTER of Oklahoma. And not out of the Federal Treasury?

Mr. KNUTSON. No.

Mr. CARTER of Oklahoma. That is in favor of the proposition. The House has always refused to appropriate money out of the Federal Treasury for building of roads and bridges on Indian reservations.

Mr. KNUTSON. If the gentleman will assure me that he will agree to the amendment—

Mr. CARTER of Oklahoma. I certainly could not do that.

Mr. KNUTSON (continuing). I will withhold the objection. Mr. CARTER of Oklahoma. Let the gentleman object. If the gentleman wants to object, if he wants to hold up one of the supply bills and send it back to the committee and perhaps require 8 or 10 days longer consideration of the bill simply because a conferee can not place himself on record as violating the faith of the House, then the gentleman had as well object.

Mr. GILLET. Why for 8 or 10 days? Why can you not report it back to-morrow?

Mr. CARTER of Oklahoma. That is all right. The committee, of course, must take its time. It will do it as quickly as it can.

The SPEAKER. Is there objection?

Mr. KNUTSON. Mr. Speaker, I regret very much to be compelled to take this course, but it seems to me it is only a small item, and that the gentleman should meet me half way on it. I do not like to object.

The SPEAKER. Does the gentleman object?

Mr. CARTER of Oklahoma. Mr. Speaker, I have never heard before of a conferee of the House being held up by a Member of the House to get that conferee to agree to a position taken by the Senate and against a position taken by the House.

Mr. GILLET. Mr. Speaker, the gentleman recognizes that by objecting the gentleman will have a right to move to concur. It is very often done in order to be sure that you have a right to move to concur.

Mr. CARTER of Oklahoma. The gentleman can do that if he desires.

The SPEAKER. What the Chair wants to find out is if there is anybody objecting.

Mr. KNUTSON. I object, unless the gentleman—

Mr. CARTER of Oklahoma. I would not do that.

The SPEAKER. The gentleman from Minnesota [Mr. KNUTSON] objects.



## ALIEN WOMEN.

Mr. WEBB. Mr. Speaker, I renew my request to take from the Speaker's table the bill (H. R. 9504) to amend section 4067 of the Revised Statutes by extending its scope to include women, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina? [After a pause.] The Chair hears none.

The Speaker announced the following conferees: Mr. WEBB, Mr. CARLIN, and Mr. VOLSTEAD.

## WITHDRAWAL OF PAPERS.

Mr. OSBORNE, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of H. R. 6102, granting an increase of pension to Sarah J. Wood, Sixty-fifth Congress, no adverse report having been made thereon.

## LEAVE TO FILE MINORITY VIEWS ON H. R. 289.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent to be given 15 days within which to file minority views on the bill H. R. 289. It is the bill with reference to the municipal ownership of street railways in the District of Columbia.

The SPEAKER. The gentleman from Kentucky asks unanimous consent to file minority views on the bill H. R. 288. Is there objection? [After a pause.] The Chair hears none.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had insisted upon its amendments to the bill (H. R. 9054) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1919, disagreed to by the House of Representatives, had agreed to the conference asked by the House on the disagreeing votes of the two Houses thereon, and had appointed Mr. GORE, Mr. SMITH of South Carolina, Mr. SMITH of Georgia, Mr. GRONNA, and Mr. NORRIS as the conferees on the part of the Senate.

## ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 5351. An act providing for the disposal of certain lands in block 32 in the city of Port Angeles, State of Washington.

## THIRD LIBERTY LOAN.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent to reconsider the bill H. R. 11123, known as the third liberty bond bill, that passed the House on Saturday, and to return to that stage in the procedure of its passage in the House immediately before I made the motion for the previous question.

The SPEAKER. The gentleman from North Carolina [Mr. KITCHIN] asks unanimous consent to vacate all the proceedings on the bill H. R. 11123 back to where he made his motion for the previous question. Is there objection?

Mr. WINGO. Mr. Speaker, reserving the right to object, in order to—

Mr. KITCHIN. Mr. Speaker, I make this request for the purpose of offering an amendment to section 5 of the bill. This section embraces a provision with respect to the determination of the values of the shares of stock of National banks, State banks, trust companies, and other banking institutions for the purpose of State taxation. The Committee of the Whole and the House on Saturday voted against the motion of the gentleman from South Carolina [Mr. DOMINICK] to strike out section 5 under the firm impression and belief, because other members of the committee and myself assured the House, that the only fair construction admissible to that section was that it exempted from State taxation only an amount of the value of the shares of stock of the bank equal to the same proportion of the value of the shares as the par amount of any bonds or other interest-bearing obligation held by the bank bears to its gross assets. In other words, the intention of the committee, and the fair and reasonable construction of that section, as the committee and myself contended on the floor, was that if a bank had \$1,000,000 of assets and \$100,000 of Government bonds in those assets, or 10 per cent of its assets in Government bonds, that for taxation purposes only 10 per cent could be deducted from the value of the shares of stock of the bank. The gentleman from Illinois [Mr. CANNON], the gentleman from South Carolina [Mr. DOMINICK], the gentleman from Arkansas [Mr. WINGO], and other gentlemen who opposed the provision in the bill took the position that the construction was that if a bank purchased bonds equal in amount to the capital stock and surplus of that bank, then the shares of stock would escape taxation by the States altogether. And many of them opposed and voted against the provision in the bill and with the gentle-

man from South Carolina [Mr. DOMINICK] to strike out that provision, upon the assumption that that was a proper construction.

I myself would have voted with the gentleman from South Carolina [Mr. DOMINICK] on his motion to strike out the section, and certainly to amend the section; and if not to amend it, to strike out the section, if I had believed it was fairly reasonable to construe it in the way in which the gentleman from Illinois [Mr. CANNON] and the gentleman from South Carolina and the other gentlemen construed it. I assured the House that that amendment would not bear that construction, and I am certain, but for that assurance, that many gentlemen would not have voted for the section and the provision as it now is in the bill.

On Monday morning I went down to the Treasury Department to see how it would construe the language of the provision, and, to my surprise, I was told that it would construe it to mean, and the Treasury Department intended by the language for it to mean, that if a bank invested an amount equal to its capital stock and its surplus in liberty bonds it would escape all taxation by the State. I said, "I would not favor it if I thought that was the construction, and I feel in honor bound to go back to the House and make this statement and ask the House to reconsider the bill and amend the section to carry out the intention of the committee and of the House, and make the intention of the committee and of the House so clear and so plain that it will admit of no other possible construction."

Mr. LONGWORTH. Mr. Speaker will the gentleman yield.

Mr. KITCHIN. I will.

Mr. LONGWORTH. Would the gentleman object to having read at the Clerk's desk the reason given by the Secretary of the Treasury for urging the passage of this provision?

Mr. KITCHIN. In a moment. I will be pleased to have you do that. I called the Committee on Ways and Means together yesterday afternoon and we discussed the matter, and the committee unanimously instructed me to make this request and to propose the amendment which I shall read. It is as follows:

On pages 6 and 7 of the bill, strike out all the matter beginning on page 6, line 22, down to and including line 4, on page 7, and insert the following:

"In determining the value of the shares of any National bank, State bank, trust company, or other banking institution, for the purpose of taxation by any State or any of the possessions of the United States or any local taxing authority, there shall be deducted an amount equal to the same proportion of the value of the shares as the par amount of any bonds or other interest-bearing obligations of the United States issued during the present war owned by such bank or trust company or banking institution bears to its gross assets."

That expresses exactly what the Committee on Ways and Means thought, and what I thought, in presenting the bill, the meaning of section 5 was as it stands in the bill; and it expresses the thought and construction and intention which the House had when it voted against Mr. DOMINICK's motion to strike out.

Mr. BARKLEY. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. I will.

Mr. BARKLEY. Let us suppose that the total gross assets of a given bank were \$400,000 and the value of the stock is predicated upon that \$400,000 of gross assets. Suppose the bank should buy \$400,000 worth of liberty bonds. Then the amount of liberty bonds, the proportion of the liberty bonds in proportion to the gross assets, will be 100 per cent. In that case it would represent the total assets, and under your amendment would not the value of the shares escape taxation?

Mr. KITCHIN. Surely it would. It would no longer be a bank. It would be just a bondholder. Suppose I were worth \$400,000, and only \$400,000, and were now paying income and other Federal, State, and county taxes on \$400,000, and that I turned those assets into liberty bonds. I would escape all taxation except the excess profits and surtaxes. The banks pay excess-profits taxes.

Mr. BARKLEY. There is no good banking institution that would invest all its gross assets in liberty bonds?

Mr. KITCHIN. No. It could not afford it.

Now, pursuing the gentleman's illustration further, suppose it had \$400,000 of assets and had bought \$40,000 of bonds, and suppose it had \$360,000 of other assets. Then the deduction would be one-tenth.

Mr. WINGO. Mr. Speaker, will the gentleman yield for a question?

Mr. KITCHIN. I will.

Mr. WINGO. I think I understand the gentleman's position on the amendment now; and, using the illustration that the gentleman used a moment ago, suppose a bank has assets of \$1,000,000 and Government bonds \$100,000 and capital stock \$100,000. Now, the gentleman by the amendment that he offers intends this: That the \$100,000 of Government bonds now repre-



sents 10 per cent of the assets. Now, in assessing the shares of stock, say that a stockholder owns \$10,000 worth of stock. In the case of the bank we have given as an illustration this \$10,000 par value is worth \$100,000 actual value, is it not, if there are a million dollars assets and \$100,000 stock?

Mr. KITCHIN. Does that make a million?

Mr. WINGO. It is ten times \$100,000.

Mr. KITCHIN. I would say that a bank of that kind would have to have about fifteen or twenty million dollars of gross assets.

Mr. WINGO. I am talking about gross values.

Mr. KITCHIN. When you talk about the liabilities, you have the total assets.

Mr. WINGO. When I speak of assets, I speak of gross assets, and when I speak of values, I speak of gross values, because if the gross assets of a bank are \$1,000,000, and its capital stock \$100,000, then the gross value of each share is 10 to 1.

Mr. KITCHIN. Oh, no. I think the gentleman has it wrong.

Mr. WINGO. Where? I would like to see.

Mr. KITCHIN. You mix up gross values and gross assets. They both mean the same.

Mr. WINGO. I am speaking of that particular stock. If the gross assets of one million is ten times as much—

Mr. KITCHIN. Yes; if the surplus and capital stock are worth ten times as much, then it would be 10 to 1.

Mr. WINGO. I am using gross assets. I agree with you on that. If the gross assets of the bank are one million, that is ten times the face value of the stock, is it not?

Mr. KITCHIN. Oh, no.

Mr. WINGO. Certainly, \$1,000,000 is ten times \$100,000.

Mr. KITCHIN. No; the par value of the stock is, of course, the face value. It may not, in fact, be worth more than 10 cents on the dollar.

Mr. STEVENSON. Will the gentleman permit me to interrupt him?

Mr. WINGO. I want to finish my question. We will assume that the face value of the capital stock is \$100,000. We are taking, now, a bank that has capital stock of \$100,000 at par value. I am not considering surplus or actual value of the stock. I am talking about the par value. The par value of the capital stock is \$100,000. The gross assets—not the net assets, but the gross assets—of the bank are \$1,000,000. In other words, the gross assets are ten times the face value of the stock. Now, under the gentleman's amendment the deduction would be one-tenth of \$1,000,000, would it not, because \$100,000 is one-tenth of the gross assets. Now, when a stockholder has \$10,000 face value of the shares, would you deduct one-tenth of that face value or one-tenth of its gross value or one-tenth actual value?

Mr. KITCHIN. If such a case can be conceived as the gentleman puts, of the gross value of the assets making any criterion for the real value of the stock or the gross value of the stock—I can not conceive of such a case.

Mr. WINGO. Assuming that that is true.

Mr. KITCHIN. It is not possible to have such a case.

Mr. WINGO. Take a man who has \$10,000 worth of the capital stock in that bank, which has \$100,000 capital and \$100,000 of Government bonds, and has gross assets of \$1,000,000. The stockholder has \$10,000 par value of shares. What is going to be the specific deduction from that man's assessable valuation?

Mr. KITCHIN. If his stock is worth \$100,000 or \$10,000, or \$100 a share, you deduct one-tenth.

Mr. WINGO. Of the actual value?

Mr. KITCHIN. Of the actual value; yes.

Mr. WINGO. That is the point I want to get cleared up. Does the gentleman think, then, that the language in line 8 will do that?

There shall be deducted in amount—

From what? The actual value or face value? Ought it not to say "from the actual value"? If you do not, you leave room for the Treasury Department to put the interpretation—

Mr. KITCHIN. The gentleman is absolutely wrong about it. When it says the value of a share, it can not mean anything except the actual value.

Mr. WINGO. There is market value, there is actual value, there is par value, but the Treasury Department—

Mr. LONGWORTH. If the gentleman will permit me, it is the assessed value.

Mr. WINGO. Will the Treasury Department take the actual value of shares of stock or take the par value?

Mr. KITCHIN. The Treasury Department has nothing to do with construing this provision. That is for the assessors and the courts in the gentleman's State.

Mr. WINGO. That is the reason why the Treasury Department—

Mr. KITCHIN. Wait a minute. I mentioned a while ago that the Treasury Department's construction of that provision was similar to that of the gentleman whose name I mentioned. I knew, of course, that the Treasury Department had nothing to do with construing the provision, that it would be for the courts to construe it; but the point I intended to make when I was interrupted was that the Treasury Department, through its lawyers, and gentlemen whom I mentioned who were distinguished lawyers, having taken a different view from that of the committee and of the House and of myself, that fact was convincing to me that it was admissible of two constructions, and two reasonable constructions, and we wanted this amendment inserted so that it could admit of but one construction.

Mr. WINGO. Will the gentleman permit a suggestion right there?

Mr. KITCHIN. Yes.

Mr. WINGO. The reason why the Treasury Department construes value to be par value, unless you say actual value or market value, is because the courts in passing upon this question have said that when you speak of the value of shares of stock you refer to the face value.

Mr. KITCHIN. The practice of the department is exactly contrary to what the gentleman says. They take the value unless it says par value.

Mr. WINGO. Probably I was mistaken.

Mr. DOMINICK. Under the terms of this amendment the value of the shares is for the purpose of taxation, so the question as to par value or book value does not come into the proposition at all.

Mr. KITCHIN. That is true; and the proof that the provision itself intended to make a difference between par value and real value is that it goes to the question of the amount of bonds held by the bank. If the bonds go to a premium, they do not consider the value, but simply the par value.

Mr. STEVENSON. If the gentleman will permit, I just want to suggest to the gentleman from North Carolina that the actual figures as they existed on the 1st of January show how this will affect things. The total resources of the banks were \$40,000,000,000. The liberty bonds held by them amounted to about \$1,000,000,000, or only about 2½ per cent. If that ratio continues, the average deduction would be 2½ per cent.

Mr. KITCHIN. Yes.

Mr. STEVENSON. Which is a very small matter—about 2½ cents on the dollar of the assessed value of the stock.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina [Mr. KITCHIN]?

Mr. GREEN of Iowa. If the gentleman will yield for a moment, I think it is not improper that a little statement be made to the House as to how a part of this came about. The gentleman will remember that while the Ways and Means Committee were considering this particular provision several of us were engaged with the Senate on a conference, and for that reason it seems that there was some difference of opinion even among the members of the committee as to the construction of this paragraph, because it had not been discussed by all the members of the committee in the committee itself. I understood—and I think the gentleman from Pennsylvania [Mr. MOORE] understood—this paragraph just as the Secretary of the Treasury construed it, and I think we have so understood it all the time, but we did not make known our opinion to the other members of the committee, because we were not in the committee at the time when it was discussed. It being thought necessary that these two measures should be pushed along as fast as possible, we had an unusual and peculiar situation at the time it was considered. The gentleman from Nebraska [Mr. SLOAN] does not agree to the construction of the Treasury Department, but has agreed with the chairman from the beginning and is very positive in his conclusions. I have high regard for his legal opinion and will not say that he is not right. This difference of opinion has brought about a situation in which there might possibly be a different construction put upon this section from what some Members of the House intended, and the committee does not want to leave any loophole of that kind. We want the matter so plain that the wayfaring man can not err in construing it. This amendment is offered to clear up the situation. I am not prepared to say that I favor it as an abstract proposition, for I have some doubt whether it will work equitably in all cases, but as to its general purpose I say most emphatically—

Mr. LONGWORTH. Mr. Speaker, I think the House would better understand the action of the committee if I send to the Clerk's desk and have read a portion of the statement of the Secretary of the Treasury upon which we acted.

Mr. MOORE of Pennsylvania. Reserving the right to object, I want to say as a preface to this reading, which I think is proper, that the views herein expressed by the Secretary of the



Treasury, which had weight with certain Members, differ from those now expressed by the chairman of the Ways and Means Committee.

Mr. LONGWORTH. I do not think so.

Mr. JOHNSON of Washington. Did you get two opinions in the Treasury Department as to what the language means?

Mr. MOORE of Pennsylvania. No. My point of view as a member of the committee is, and has been all along, that the Secretary of the Treasury desires that the Federal bonds held by national banks, particularly liberty bonds, should not be subject to indirect taxation by the States, and he did not, for that reason, desire the sale of these bonds to be prejudiced.

The SPEAKER. The Clerk will read.

The Clerk read as follows:

STATEMENT BY SECRETARY M'ADOO.

At my suggestion Senator OWEN has introduced in the Senate a bill (S. 4137) which is intended to give relief from a form of indirect taxation by the States upon Government bonds and certificates of indebtedness. Under existing provisions of law, the States are permitted to tax the holders of stock of national banks, and thus, through indirection, the United States bonds and certificates of indebtedness held by such banks which are included as a part of the value of the stock. The States have adopted a method of increasing the value of the stock of banks holding Government bonds and certificates of indebtedness by the amount of such securities and in that way taxing these bonds and certificates held by the banks. Therefore there is what amounts to a direct taxation by the States upon the bonds and certificates of indebtedness held by the national banks, and that taxation is very burdensome and is seriously interfering with the financing of the Government's necessities. The proposed legislation provides for the deduction from the value of such stock of the amount of bonds held by the banks. The State taxation against stock of national banks can of course only be levied with the consent of the United States, since national banks themselves are governmental instrumentalities, but this consent has been given by the United States by what is now section 5219 of the Revised Statutes.

This law was passed in 1864 and was subsequently amended, and under that law the United States permitted the States to tax the stock of national banks. Otherwise, the States would not have any such power. The United States has now made its own bonds subject to its income and excess-profits taxes, but has not attempted to subject bonds of States and municipalities to like taxation. In other words, the bonds of the States and municipalities, by virtue of the action of the Government of the United States, carry far more favorable exemptions than the bonds and the certificates of indebtedness of the United States.

For instance, a bond of the city of New York to-day is exempt from State and municipal taxes and from all Federal taxation of every kind and character. Now, the bond of the United States is exempt from State and local taxation and from all Federal taxation except super taxes and excess-profits taxes. The result therefore is that the city of New York is offering to investors in the greatest investing market in the world a bond in competition with the bonds of the United States upon a far more favorable basis, both as to interest rate and as to tax exemptions.

Now, we are putting the United States at a further serious disadvantage when we permit the States to tax the bonds and the certificates of indebtedness of the United States as a part of the capital stock of national banks. It reduces the income return on the United States bonds and certificates of indebtedness where they are so taxed to such an extent that the banks can not afford to take them. These instrumentalities of the Government, the national banks, which were established for the purpose of providing money for the Government, are largely impotent through this method of State taxation to help the Government in this crisis. I may say that at the time the act of 1864 was passed, with its amendment granting the States the right to tax the capital stock of national banks, the bonds of the United States which the banks were organized especially to take were in effect not taxable by the States, because they carried the circulation privilege, and when the circulation privilege was exercised there was an outstanding liability against the bonds, and hence the States could not add the value of these bonds to the capital stock as a basis of taxation; but now our bonds do not carry a circulation privilege, and the result is that when the national banks buy them for patriotic reasons or otherwise, or when they hold these certificates of indebtedness, they can not issue currency against them, and they are immediately added to the value of the capital stock of the national banks and are taxed by the State. That is hampering the Government very much in its essential financial operations.

Mr. LONGWORTH. Do you mean they add the value of the bonds to the authorized capital stock, or to the market value of the stock?

Secretary M'ADOO. To the assessed value. They include the value of the bonds in assessing the value of the stock. The Government provided they should be exempt from State taxes, but the States are doing by indirection what if attempted directly is prohibited by statute. As we go along, gentlemen, if the States are permitted to tax Government bonds when we can not tax municipal and State bonds, we will be up against a position where it will be impossible to finance the necessities of the Government; it is for that reason that I feel that it is most important that the States shall not be permitted indirectly to make nugatory the express exemptions from taxation now carried in all Government bond issues.

Mr. LONGWORTH. Now, gentlemen will observe that the Secretary said that the proposed legislation provided for deduction from the value of such stock the amount of bonds held by the banks. There was never any suggestion—I can not read any suggestion in that statement that this proposition was to exempt banks from taxation. The proposition simply was to take away from the States the power to raise revenue by indirect taxation of Government bonds. The sole object of this legislation is to make Government bonds at least as good as municipal bonds, and they would be were it not for the provisions in the act of 1864.

Now, it was never contemplated, it seems to me, that banks could relieve themselves from all taxation by simply taking an

amount of Government bonds equal to the capital and surplus. It seems to me the amendment now offered by the gentleman from North Carolina carries out what the committee intended and what is fairly deducible from that language.

Mr. PHELAN. But it does not carry out what the Secretary wants?

Mr. LONGWORTH. That may be possible. I have only had read the statement of the Secretary made before the Ways and Means Committee, a statement which caused us to put in this item of legislation. I did not know at that time how the Treasury Department was going to construe that provision. I did not know until the chairman of the committee told me yesterday that the Treasury Department intended to construe it as he says it has.

Mr. PHELAN. I think the whole thing is stated in Secretary M'Adoo's statement, on page 16, where he says "at my suggestion Senator OWEN has introduced in the Senate a bill which is intended to give relief from a form of indirect taxation by the States upon Government bonds and certificates of indebtedness." If you work the proposition out, you will find that under the amendment offered there is still indirect taxation on liberty bonds, and there would not be as made by the Secretary originally and as I explained on the floor Saturday. There would then be no indirect taxation.

Mr. MOORE of Pennsylvania. Will the gentleman from North Carolina yield me two minutes?

Mr. KITCHIN. Yes.

Mr. MOORE of Pennsylvania. Mr. Speaker, without going into banking details that only confuse the mind, I want to give my understanding—

The SPEAKER. The gentleman from North Carolina has no time to yield.

Mr. MOORE of Pennsylvania. Then I reserve the right to object.

Mr. KITCHIN. Mr. Speaker, I will ask unanimous consent.

The SPEAKER. The gentleman from Pennsylvania asks to be recognized for three minutes. Is there objection?

Mr. MCFADDEN. Reserving the right to object, I would like about two minutes.

The SPEAKER. The gentleman from Pennsylvania [Mr. MOORE] asks for three minutes, and the gentleman from Pennsylvania [Mr. MCFADDEN] asks for two minutes. Is there objection to these two requests? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Speaker, in the plain, blunt language of a layman, this is the situation: The Federal Government does not tax State or municipal bonds. It relieves from taxation men who are employed by cities and by States. Our recent revenue law, for instance, exempts justices of the Supreme Court and lower courts of a State and municipal employees. That is a matter of comity between the Federal Government and the State government; it is also an observance of the constitutional provision. We treat the State as exempt from Federal taxation on its State bonds. That is the point. Now, the Secretary of the Treasury, mindful of the law passed in 1864 in regard to the right of States to tax bank shares, came before our committee and suggested that he was hampered in the work of selling liberty bonds because under the law of 1864 there was imposed an indirect tax upon liberty-loan bonds—these Federal bonds—due to the method of imposing taxation upon bank shares.

I hope that is clear. The Secretary's request seemed reasonable, because if we exempt State or municipal bonds from Federal taxation, the State ought in all fairness to exempt Federal bonds held within the limits of the State. That is the spirit and the law. It was a fifty-fifty proposition. I supported it because I believed that what was fair to a State as granted by the Federal Government was certainly fair to the Federal Government as coming from the State, especially in time of war. That is all there is to it. The gentleman from North Carolina [Mr. KITCHIN] suggests a new method of relieving this situation, and the question is whether his method is better than that agreed upon by the House the other day. I believe his amendment preserves the lawful rights of the States and also exempts Federal bonds from State taxation.

Mr. MCFADDEN. Mr. Speaker, I want to call attention to section 5 of the original bill, which was considered on last Saturday, which, in my judgment, contains the very thought that the Secretary of the Treasury intended to convey when he asked for this legislation, and that was absolute exemption from State taxation of all liberty bonds to the extent of the value of the assessable shares of the banks. This compromise amendment now offered by the majority leader is going to bring forth a good many queries and misunderstandings on the part of the banks. In order to determine just how to figure this law



and interpret to their separate cases, practically every bank will have to consult its attorney before it can figure out its tax exemption. It seems to me that if it is a question of the sale of liberty bonds, the suggestion of the Secretary of the Treasury should be followed in full. If it is the question of a compromise, I am fearful that we are going into deep water, and it will make more disturbance among the banks than if we had not attempted to do anything for them. We might better repeal section 5 entirely than to substitute this proposed Kitchin amendment.

Mr. LONGWORTH. But does not the gentleman think the construction which the gentleman from North Carolina [Mr. KITCHIN] tells us here that the Treasury officials will put upon that section does not accord with the view of the gentleman, with which I agree?

Mr. McFADDEN. I think the gentleman is right. It is very evident that the Committee on Ways and Means in the consideration of this measure had an entirely different understanding than that of the Secretary of the Treasury. It is also very clear that when this same provision was considered by the Banking and Currency Committee, that they had the view of the Secretary of the Treasury, and right there I want to refer to a matter that I have heretofore called attention of the House to on one or two different occasions—one of the occasions being the reference of the War Finance Corporation bill to the Ways and Means Committee instead of the Banking and Currency Committee—and that is the reference of measures of this kind to improper committees. The Banking and Currency Committee, as has been stated here on the floor of this House, considered this bill known as section 5 of this act, and after hearing the arguments of those in favor of the provision refused to report the bill, so the Secretary presented the bill to the Ways and Means Committee, and they included it in this bill, evidently without giving much thought to the meaning of the section, as has been shown by the variance of views expressed by the members of that committee during the discussion of this subject.

Mr. KITCHIN. Mr. Speaker, I ask that the request be put now.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina to vacate all proceedings on this bill back to and including the motion for the previous question?

There was no objection.

Mr. KITCHIN. Mr. Speaker, I offer the following amendment, which I send to the desk and ask to have read.

Mr. WALSH. Mr. Speaker, must not the gentleman get consent to return to section 5 in addition to the request which has already been granted?

Mr. KITCHIN. Oh, no; I asked for unanimous consent for the purpose of offering the amendment which I have read.

Mr. WALSH. But the consent just given does not put this measure back to section 5.

Mr. KITCHIN. We are in the House, and not in the Committee of the Whole, and when we are in the House we can amend the bill at any portion of it.

Mr. WALSH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WALSH. Will a motion be now in order, or at some time during these proceedings, to strike out section 5 of the bill under the proceedings now being had?

The SPEAKER. It is open for amendment; yes.

Mr. SHERLEY. But in order for anyone to offer an amendment he must first get recognition.

The SPEAKER. Of course. No one disputes that.

Mr. SHERLEY. I thought it might not be generally understood that the control of the bill is in the hands of the gentleman from North Carolina, because he has the floor, and he can move the previous question.

The SPEAKER. That is correct. No one has questioned that.

Mr. STAFFORD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. STAFFORD. I assume anybody would be privileged to offer a motion to recommit at the proper stage?

The SPEAKER. Of course. That is always in order, provided the motion itself is in order. The Clerk will report the amendment offered by the gentleman from North Carolina.

The Clerk read as follows:

On pages 6 and 7, strike out all the matter beginning on page 6, line 22, down to and including line 4 on page 7, and insert the following: "In determining the value of the shares of any national bank, State bank, trust company, or other banking institution, for the purpose of taxation by any State or any of the possessions of the United States or any local taxing authority, there shall be deducted an amount equal to the same proportion of the value of the shares as the par amount of any bonds or other interest-bearing obligations of the United States issued during the present war owned by such bank or trust company or banking institution bears to its gross assets."

Mr. KITCHIN. Mr. Speaker, I yield five minutes to the gentleman from Illinois [Mr. STERLING].

Mr. STERLING of Illinois. Mr. Speaker, it is perfectly proper, I suppose, for members of the Ways and Means Committee to indicate to the House what the committee did do, but it does not come within the province of any member to tell the House what the committee intended to do. Every member of the committee has to speak for himself as to intention. I have not been able to find anything obscure in the statement made by the Secretary of the Treasury before the committee. He is not in the habit of making obscure statements. I think he can express himself as clearly as any man I ever knew, and the only construction that can be put upon his statement with reference to this provision of the bill is the construction that he puts upon it now, according to the statement made by the chairman of the committee a few moments ago. It was the purpose of the Secretary of the Treasury to reduce the taxable property of a bank by the amount of liberty bonds it might own.

I shall not undertake to state what the purpose of the committee was, but I know it was the purpose of one member of that committee to do that same thing. That was the Secretary's purpose, and I think he is justified in it. I think the bill is now as it ought to be, although it is not my purpose to make any particular contention against this amendment.

If the Members of the House think the bill that we passed the other day gives too great exemptions to banks and this will give less exemptions to them, why then, of course, they will vote for this amendment. I think there are two very good reasons why the bill should remain as it is. In the first place, as stated by the Secretary of the Treasury, and as everybody knows, Government bonds are not taxable in the hands of individuals or of any corporation unless it is a bank. Now, why should they be taxed in the hands of a bank when they are not taxed in the hands of any other owner? Now, I know what your answer will be. You will say that the bonds bought by the banks are bought from the assets of the bank without discriminating as to whether the assets used by the bank are permanent assets—that is, its taxable assets which are made up of its capital and its surplus or the variable assets, such as deposits. The assets of a bank are a common fund, all parts of which are used in the same way. When bonds are paid for one can not specify whether they are paid for by taxable assets or by nontaxable assets, and for that reason some contend that the money used to pay for the bonds should be apportioned between the two kinds of assets and the bonds pay taxes accordingly.

We are dependent upon the banks to sell these liberty bonds and we will be dependent upon them in making this next sale. They are the machinery through which the Government gets these bonds out to the people and collects the money of the people in the Treasury of the United States, so we are under some obligation at least to treat them as fairly in this matter as we treat individuals or corporations. And there's another reason, and, I think, a very vital reason, too, why the bonds should be considered a part of the taxable assets of the bank—that is, the bonds should be considered as having been purchased by the use of the taxable assets of the banks—and that is this: It is a permanent investment. Now, the taxable assets of the bank, which are made up of its capital and its surplus, are its fixed assets—its permanent fixed assets. The deposits are variable assets. We have always considered that it is good banking to limit the loans of banks to short-time paper, but these bonds are for 30 years. They are permanent investments, and should be paid for by permanent assets.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. STERLING of Illinois. I will.

Mr. SMITH of Michigan. Is it the gentleman's view that these bonds should be taxed in the hands of the individual as well as in the hands of the bank?

Mr. STERLING of Illinois. No; I do not think they should be taxed at all.

Mr. SMITH of Michigan. Why does the gentleman say they should be taxed when purchased with the deposits or assets of the bank?

Mr. STERLING of Illinois. I do not say it.

Mr. SMITH of Michigan. I misunderstood the gentleman.

Mr. STERLING of Illinois. I say they should be exempt altogether.

Mr. LONGWORTH. Will the gentleman yield?

Mr. STERLING of Illinois. I will.

Mr. LONGWORTH. Would not the real short road to that proposition be by amending the law of 1864 and providing that these bonds should not be taxed by States in any event?



Mr. STERLING of Illinois. I think the bill as we passed it the other day accomplishes that very thing.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. MOORE of Pennsylvania. I think the gentleman has clearly interpreted the Treasury Department's attitude on this question, but I want to ask in regard to the Kitchen amendment whether it does not still preserve the right of the States, under the act of 1864, to tax the value of the shares of the bank. It preserves that right, does it not?

Mr. STERLING of Illinois. Not to the full extent.

Mr. MOORE of Pennsylvania. Except that so far as the full value of Federal bonds is concerned it is to be deducted from the gross assets held to be taxable.

Mr. STERLING of Illinois. Under this amendment the States can tax the bonds in the same proportion which the taxable assets bear to the gross assets.

The SPEAKER. The time of the gentleman has expired.

Mr. STERLING of Illinois. I would like to have five minutes more.

Mr. MOORE of Pennsylvania. Mr. Speaker, I ask unanimous consent—

Mr. KITCHIN. I yield the gentleman five minutes additional.

Mr. STERLING of Illinois. Going back to the statement I undertook to make a moment ago—

Mr. MADDEN. Will the gentleman yield?

Mr. STERLING of Illinois. Excuse me until I finish this statement. These bonds are a permanent investment. They run for 30 years. They are not short-time paper. They ought to be considered as having been paid for out of the permanent fixed assets of the bank and not the variable and temporary assets of the bank. Whenever a bank buys \$100,000 of Government bonds it has got them for 30 years unless it can find a satisfactory market. It would not be possible for a bank to take out of the variable assets of the bank \$100,000 and put it in a 30-year loan, so it ought to be considered as having been paid for out of the permanent and fixed assets of the bank, which is the capital and the surplus of the bank, and it should reduce the taxable assets of the banks to the extent those assets are converted into Government bonds. Now I yield to the gentleman.

Mr. MADDEN. The question I desired to ask my colleague was whether the taxation imposed under the provisions of this bill, if the amendment is adopted, apply equally to State banks purchasing liberty bonds and national banks?

Mr. STERLING of Illinois. Yes.

Mr. MADDEN. But would the relief in one case grant relief in the other?

Mr. STERLING of Illinois. Yes. The amendment relates to national banks, State banks, and trust companies, and other banking institutions. Now, under the amendment which is offered to the bill, if the taxable assets of the bank were one-fifth of its gross assets, then the bank can only deduct or exempt one-fifth of its Government bonds from taxation.

The amendment is simple enough in its operation. In determining the exemption allowed banks by this amendment you need to ask and answer only one question. What is the ratio between the taxable assets and gross assets of the banks? If the one is one-fifth of the other, then one-fifth of the bonds owned by the bank are exempt. If one-tenth, then one-tenth of the bonds are exempt.

Now, there is just that discrimination made against banks with reference to these bonds that is not made against any other owner of the bonds in the United States. Personally, I believe the bill is just as the Secretary of the Treasury intended it, and I believe it is as it ought to be, and that this amendment does not improve it so far as doing justice to the banking institutions is concerned. [Applause.]

Mr. KITCHIN. Mr. Speaker, I yield five minutes to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. The theory of the gentleman from Illinois and others who agree with him is that the amount of the Government bonds a bank may own should be taken from the net assets, or an amount equal to the amount of the capital and surplus. The other theory, as developed by the chairman of the committee, is in harmony, as I see it, with the text of the bill. That takes the amount of the Government bonds for taxation purposes from what might be called the assets, or what in the proposed amendment will be called the gross assets. The first proposition we are interested in is, Does the word "assets" as used in the original mean the net assets or gross assets? The dictionary says that "assets" are all the property, real and personal, of a "deceased or bankrupt person, of a corporation, or of a partnership which is or may be chargeable with the debts or legacies of such parties or persons." So, in order to give a basis

for the construction placed by the gentleman from Illinois, the Treasury officials, and a number of the members of the Ways and Means Committee you would have to read in this bill instead of "assets" the words "net assets."

I call your attention to the bill, on page 6, at the bottom, it says:

In determining the value of the shares of any national bank, State bank, trust company, or other banking institution—

Not for market purposes, but—

for the purpose of taxation by any State, or any of the possessions of the United States, or any local taxing authority, the par amount of any bonds or other interest-bearing obligations of the United States owned by such bank, trust company, or banking institution, shall be deducted—

From what?

from its assets.

Which, under the definition, the only one I was able to find that covered this proposition, means "all its assets."

What does that mean to a bank? Many of you are familiar with banking statements, and know that assets or resources are placed in a column on one side and liabilities on the other. Now, I want to suppose a case. I submit the following bank statement, with the amounts assumed to simplify consideration rather than to satisfy a critical bank examiner.

Mr. HELM. Will the gentleman yield?

Mr. SLOAN. Permit me to finish this statement, because the main trouble in this discussion is that gentlemen have shifted from one side to the other, and have called deposits assets.

#### National Bank of Supposition.

RESOURCES OR ASSETS.		LIABILITIES.	
Cash	\$100,000	Capital stock	\$75,000
Bills receivable	100,000	Surplus	25,000
Exchange	100,000	Deposits	\$80,000
Warrants	100,000	Bills rediscounted	50,000
Real estate	100,000	Taxes, claims, etc.	50,000
Banking house, furniture, and fixtures	100,000		
Railway bonds	100,000		
Judgments	100,000		
Claims, etc.	100,000		
Municipal bonds	100,000		
United States bonds	100,000		
Total	\$1,000,000	Total	\$1,000,000

Each of the above assets has a dual value aspect under the bill. First, as constituting a portion of the actual value of the stock—each of the above items contributes one-tenth to the net worth of the bank, and, so far as fixing the value of the shares, absolutely equal.

But for taxing purposes it is quite different. The first item, "Cash," is one-tenth the value of the assets for both as contributing actual value to the shares and furnishing a basis for taxation. Why? Because no State or Federal law exempts cash. Precisely the same is true of bills receivable, exchange, real estate, banking house, furniture, and fixtures, railway bonds, judgments, and so forth. In some States warrants are exempt. How about the remaining two, municipal bonds and Government bonds? Municipal bonds constitute one-tenth the value of the bank's assets.

But for taxing purpose it stands for nothing, because they are exempt. Therefore the taxing basis has been diminished by one-tenth. Upon the same basis the Government bonds constitute one-tenth of value, but being exempt as a taxing base it stands for nothing. Therefore the taxing base is reduced by another one-tenth, so that the value of the shares, as shown in the above basis, amounting in all to \$100,000, must be reduced by two-tenths, or \$20,000, equal to \$80,000 net taxable basis.

To state it in another way, every dollar of the "assets," or gross assets, if you please, contribute 10 cents to the net assets. How much did the municipal bonds contribute? Ten thousand dollars. Then, for a taxing basis take that out. How much did the Government bonds contribute? Ten thousand dollars. Take it out of the net assets. The combined reduction made leaves \$80,000. That exempts from taxation both the municipal bonds and the Government bonds, but exempts nothing else.

Under the construction claimed by some gentlemen in the foregoing case, if you exempt either the municipal bonds or the Government bonds, the bank would go scot-free of all taxation. Under our construction the Government bonds are immune from taxation. Under the other construction—exempting the bonds—all other assets of the bank would be immune. Under the working of that theory the largest and most valuable institution in every town and city would be placed on a parity with churches and schools—exempt from taxation.

The SPEAKER. The time of the gentleman has expired.

Mr. KITCHIN. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. SLOAN. What becomes of municipal bonds? They are 10 per cent of the value of all those assets. But so far as taxing

value is concerned in most of the States in this Union they are not worth a dollar. So that they are cut out; but cut out of where? They are cut out of the gross assets.

Mr. DOMINICK. Will the gentleman yield?

Mr. SLOAN. Permit me to finish the statement.

Mr. DOMINICK. I wanted to ask a question about municipal bonds. Is it not a fact that in such cases where municipal bonds are exempted from that kind of taxation, it is provided in the body of the bond? It is already in the act under which those bonds have been issued. The ordinary general exemption from all State, county, and municipal services would not carry the exemption to shareholders of banks.

Mr. SLOAN. The same exemption is given in the States for municipal bonds that is given for United States bonds, and when they enter into the assets of a bank they constitute, as anybody knows, instead of here, 10 per cent of the value of the bonds, but not one millimeter, if such a term can be used as applied to banking, for making up the taxing value.

When this bill was drafted I understood it to mean precisely what it says, and it squares with the taxation method of the banking system in my State. It squares with the taxation system of nearly every State in the Union so far as State banks are concerned, and where we have municipal bonds or Government bonds we simply take them out of the total assets, find the proportion of the total assets that the exempt portion is, and that gives the ratio of reduction to be taken from the value of the shares.

Now, then, we should read the statute as it is, that the assets mean all the property that the bank has, and that each of these factors do go to make up the total assets. We could not say that the cash in a bank furnished the particular part that, reduced to its final terms, would equal the capital and surplus. We could not say that the real estate would either. But all intermingled and reduced to their lowest terms come down to the value of capital and surplus, and each dollar contributes, whether it is bond, cash, exchange, real estate, or whatever it is, its portion toward what might be called its net assets. So there is nothing left to do except, after you have discovered the amount of the bonds you have, Government bonds, deduct them from your total assets.

If it is one-tenth, then take from the total assets one-tenth, and your book value for assessment purposes would be 90 per cent of the par value of the stock.

Now, it seems to me that, reading that bill as English ought to be understood and read, it becomes very simple indeed.

Mr. DIXON. Mr. Speaker, will the gentleman yield for a question?

Mr. SLOAN. I would like to yield first to the gentleman from Kentucky [Mr. HELM]. He asked me a question, but at that time I wanted to finish my statement.

Mr. HELM. I was wanting to get from the gentleman a statement to the House of what is meant by the term "gross assets"?

Mr. SLOAN. The "gross assets" would mean the same as the "assets," upon which the market value would be determined. We do not use the term "gross assets" in this bill. It may be used in the amendment. If it is, it means the same as the "assets," as we have discussed it and as the dictionary defines it.

Mr. HELM. Does the "gross assets" include deposits?

Mr. SLOAN. By no means. A deposit is a liability and not an asset.

Mr. HELM. But the thing deposited is an asset.

Mr. SLOAN. Yes; the thing deposited is an asset, but when it is in the custody of the bank it creates a liability on the part of the bank. That has been the cause of much confusion. Men have discussed deposits and called them assets.

Mr. DIXON. The bank statements in newspapers are published usually in parallel columns. First are the resources of the bank on one side, and on the other side are the liabilities of the bank. As I understand it, the assets of the bank, under this bill, are the resources of the bank as shown by these publications.

Mr. SLOAN. Certainly; and that includes all the property that the bank has.

Mr. FOCHT. Mr. Speaker, will the gentleman yield for a question?

Mr. SLOAN. Yes.

Mr. FOCHT. In reaching what you call "assets," would you use the method commonly employed in ascertaining the value of bank stock, ascertaining what is known as the book value? Would you not include that as measuring the assets?

Mr. SLOAN. That is usually expressed in the capital and surplus and undivided profits thereof.

Mr. FOCHT. Would you tax that amount?

Mr. SLOAN. To arrive at the precise market value, an examination of the quality of securities and other assets would have to be made.

The SPEAKER. The time of the gentleman from Nebraska has expired.

Mr. BUTLER. Mr. Speaker, will the gentleman from North Carolina [Mr. KITCHIN] allow me to ask him two or three questions?

Mr. KITCHIN. Does the gentleman want to ask me two or three questions?

Mr. BUTLER. Yes; two or three questions of the gentleman from North Carolina.

Mr. KITCHIN. I yield.

Mr. BUTLER. I would like to know how to do what I propose to do, and that is vote against any measure that will enable the States to impose any taxation on these liberty bonds. If I vote against this amendment, do I accomplish that result?

Mr. KITCHIN. If you vote for this amendment, you preserve the rights in the States that tax only the value of the stock represented by other than bonds, and you preserve the right to the Federal Government to prevent the States from taxing any part of the value of the stock represented by bonds. The bonds are exempted from taxation.

Mr. BUTLER. I thank the gentleman for that answer. Does the Secretary of the Treasury oppose this proposed amendment?

Mr. KITCHIN. I have not talked with the Secretary of the Treasury about it. His assistants would prefer the provision as it passed the House Saturday, but I do not believe that this proposed amendment will interfere with the sale of bonds.

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. McFADDEN. I want to ask the gentleman if this amendment of his has the approval of the Secretary of the Treasury?

Mr. KITCHIN. I have not seen the Secretary of the Treasury in regard to that amendment. Is the gentleman opposed to it because the Secretary of the Treasury is opposed to it?

Mr. McFADDEN. No; I would not say that; but the Secretary of the Treasury is asking for this legislation for the purpose of aiding in the sale of liberty bonds.

Mr. KITCHIN. I would say to the gentleman that this provision of the bill differs from the recommendation of the Secretary of the Treasury. The Secretary of the Treasury did not want us to include State banks in it. The Secretary of the Treasury wanted only to exempt national banks from taxation and let the State banks pay the taxes. Do you favor that proposition?

Mr. McFADDEN. I spoke against it and raised the constitutionality of it on last Saturday when that question was up.

Mr. KITCHIN. I wanted to know whether the fact that the Secretary of the Treasury opposed or favored the proposition was the reason for the gentleman's action?

Mr. McFADDEN. I realize that the exemption of the value of bank shares from taxation by States will promote the sale of liberty bonds, and I realize that in doing this we deprive the States of a vast amount of revenue, and it seems to me that it is not constitutional for the Congress to prohibit the States from taxing the shares of stockholders in banks operating within their own borders, be they either National or State banks.

Mr. KITCHIN. I understand the gentleman favors the original proposition in the bill, because, according to your statement, while the original proposition in the bill will lose about \$3,000,000 revenue to the State of Pennsylvania, this provision would release about 2½ per cent of the value of the shares from taxation, if the position of the gentleman from South Carolina [Mr. DOMINICK] is right.

Mr. McFADDEN. I did not favor the proposition of the Secretary of the Treasury on Saturday. I fear you are giving the Secretary of the Treasury only 10 per cent of what he is asking for, and whether it will meet with his approval or not, and whether it is going to interfere with the sale of liberty bonds, I question—

Mr. KITCHIN. This amendment will not interfere with the sale of liberty bonds at all.

Mr. VESTAL. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes; I will.

Mr. VESTAL. I would like to ask the gentleman a question. I do not understand this Treasury statement very well. Suppose a bank has \$200,000 of capital and surplus.

Mr. HASTINGS. That includes undivided profits.

Mr. VESTAL. And they should buy \$100,000 of liberty bonds under the bill as we passed it. Do I understand that that bank then would be taxed on \$100,000, the difference between the value of the bonds they purchased and the other capital stock and the surplus, under the bill that passed last Saturday?



Mr. KITCHIN. The House is certainly under a great misapprehension as to the tax. I will answer the gentleman. The present law that we propose to amend or repeal to an extent is a law giving the States the power to tax, not the assets of the bank—

Mr. VESTAL. I understand—

Mr. KITCHIN. Not the property of the bank, but the value of the shares of stock of the bank. Now, the case that the gentleman puts, as I understand it, is this: Here is a proposition of a bank that has \$200,000 of capital and surplus.

Mr. VESTAL. Yes; \$200,000 of capital and surplus.

Mr. KITCHIN. Say a share of stock would be worth \$200, and if the bank should buy \$100,000 of bonds, how much of that certificate of stock would be taxed? Only \$100 would be taxed by the State, and \$100 would be exempt from taxation by the State. If that same bank were to purchase \$200,000 of bonds, under the provision as construed by the Treasury Department in the original bill there would not be anything to tax. It would escape taxation altogether.

Mr. VESTAL. That is what I wanted to find out. Now, supposing under this amendment proposed by the gentleman from North Carolina this same bank has \$200,000 of capital and surplus. It has \$600,000 capital—surplus—or we might call it gross assets—deposits, and so forth.

Mr. KITCHIN. Yes.

Mr. VESTAL. That bank buys \$100,000 worth of bonds. Do I understand that under the amendment that bank would be taxable on \$166,000 worth?

Mr. KITCHIN. And 33 $\frac{1}{3}$ —

Mr. VESTAL. Would be exempt only 33 $\frac{1}{3}$  instead of \$100,000.

Mr. KITCHIN. Yes; it works out practically the same, but of the value of the shares—

Mr. HELM. Will the gentleman yield for a question?

Mr. KITCHIN. Yes.

Mr. HELM. I infer from your answer to the gentleman's question that you regard deposits as assets and not as liabilities of the bank?

Mr. KITCHIN. Let me say to the House that I have never intimated such a thing; and, while gentlemen here have talked of deposits as being assets, they are liabilities.

Mr. HELM. Absolutely.

Mr. KITCHIN. Yes; deposits are liabilities. When I was a younger man than I am now I was a State bank examiner, and I have examined hundreds of banks. At the present time I have very little interest in banks, but if I had the time I could explain the exact workings of this, and of the values under the present law, and make it clear to the gentleman.

Mr. HELM. Tell us what gross assets consist of, and then I will let you alone.

Mr. KITCHIN. All right. The gross assets of a bank consist of what they call the total resources, and the gross assets of a bank are just like the gross assets of a bankrupt, or the gross assets of a man who dies. They are that property which is subject in law to debts and liabilities of the concern. Now, on one side, called resources or total assets, are loans and discounts, overdrafts, banking-house fixtures and furniture, investments, such as bonds, and so forth, or stock; amounts due from banks and bankers, and then the cash in the vault. Those are the resources. On the other side are the liabilities, capital stock, surplus—they call surplus a liability for the reason that the bank owes its surplus to its stockholders, and the surplus as well as the capital stock has been invested in these resources over here. Then, there is the amount due to banks and bankers, then the amount due to time and check depositors. Those are the liabilities. Bills payable, due to banks, are liabilities, too. Now, we add up this column of resources or assets, and we will say it is \$1,000,000. Add up the other, your capital stock and your other liabilities exclusive of surplus. Of course, this is the way you get your surplus.

Say that side amounts to \$800,000, your capital stock, amount due to depositors, bills payable or what is due to banks and bankers. The total of that is \$800,000. You deduct that from the \$1,000,000, leaving \$200,000, which gives you your surplus. So when you talk about liabilities and resources with respect to depositors, why, your deposits are liabilities. If you put \$1,000 or \$10,000 into a bank, you are credited with it. The bank owes you \$1,000. The bank takes that \$10,000 and loans it to the gentleman from Vermont [Mr. DALE]. That goes over into assets. It has Mr. DALE's note for \$10,000 as an asset against the liability of the \$10,000 which it owes you, a depositor. That is the way the whole thing works out. Now let the House get this into its mind. There is no other institution, corporation, association, partnership, or individual in the United States, under the laws of any of the States, the value of whose shares are taxed as they tax a bank. Banks are in a separate

class to themselves. Why is that so? Because the national banking act of 1864 specifically picked out this method of taxation and gave it to the State, and the States do not tax bonds held by a bank like they tax the assets of a corporation. Let me explain that to the House, and then I believe we can have a clear understanding of this matter. A corporation like the Bethlehem Steel Works, for instance, buys a million dollars worth of bonds. In giving in its assets for taxation it deducts that \$1,000,000 of bonds, if it pays any Federal taxes, and to the State for State taxes. Why is that? Because your State taxes directly the assets of the Bethlehem Steel Works. Suppose its assets were \$50,000,000, and it had this \$1,000,000 of bonds; they take out the \$1,000,000 and tax the other \$49,000,000. And if the State taxed a bank exactly like it taxes any other corporation or individual or firm, upon their tangible property that they have, then if the bank had \$1,000,000 of assets or tangible property and \$100,000 of bonds, under all laws they would deduct the \$100,000 and only tax \$900,000. But banks are not taxed in that way by States. They could not tax them in that way, because the Federal Government never gave them the right to tax the assets of banks, including bonds, in that way.

Mr. DICKINSON. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from Missouri, a member of the committee.

Mr. DICKINSON. Are not deposits both a liability and also a part of the assets or resources of the bank?

Mr. KITCHIN. Yes.

Mr. DICKINSON. They may be loaned out or they may be kept in the bank to meet the checks that are drawn upon them. They are a liability, but they are also a part of the resources or assets of the bank.

Mr. KITCHIN. Exactly.

Mr. DICKINSON. Every well-conducted bank loans out its deposits, and those loans are a part of the resources and enter into the statement of the resources of every bank.

Mr. KITCHIN. Just as if I borrowed \$10,000 from you and loaned it to Mr. CARTER. I would owe you the \$10,000 and invest in Mr. CARTER's note for \$10,000.

Mr. QUIN. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from Mississippi.

Mr. QUIN. I am very much interested in the gentleman's statement. I want to get it clear. Suppose there is a land corporation in Mississippi with \$100,000 capital. It buys \$50,000 worth of this issue of liberty bonds.

Mr. KITCHIN. Yes.

Mr. QUIN. There is a national bank there of \$100,000 capital.

Mr. KITCHIN. Yes.

Mr. QUIN. That bank buys \$50,000 worth of this issue of liberty bonds.

Mr. KITCHIN. Yes.

Mr. QUIN. What is the difference in taxation of the land company and the taxation of the national bank?

Mr. KITCHIN. Not a bit under this amendment that I have offered. The only difference is the way the State taxes it, because the land company is taxed on its assets and the bank under this provision is not taxed on its assets, but on the value of its shares, the proportionate part of the value, and in the case the gentleman puts the \$50,000 of bonds is deducted.

Mr. PLATT. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. PLATT. I have worked out three different kinds of sample bank statements, and I want to see if the work is right. Suppose a bank has a capital of \$100,000, worth par—we will leave out deposits and other liabilities—its resources; loans, \$100,000; bonds, \$100,000; and cash, \$100,000, which would make a total of \$300,000.

Mr. KITCHIN. In that case we do not tax the assets but the stock, and one-third of the value of the shares of the stock in that bank would be deducted and the State would have a right to tax but two-thirds, being based on the proper assets other than Government bonds.

Mr. PLATT. Would it not be like this: Total assets, \$300,000; bonds owned, \$100,000; and they are one-third of the total resources, and in that case, which is an impossible case, is it true that there would be no taxation because one-third of the assets is equal to the capital—

Mr. KITCHIN. You do not tax capital; you do not tax surplus; you only take the value of the share. The question is, What is that share worth?

Mr. PLATT. Assume \$100 par value.

Mr. KITCHIN. If it is worth \$100, you deduct one-third, \$33.33, which will be exempt from taxation. Why? Because that is one-third of the value of the share that is represented by

one-third of the assets in bonds. Now, I want to get this clear in the minds of the Members of the House. Do not think about capital stock nor taxing assets like any other corporation. The only thing you are to consider are these three things, and that is the only way that you can work out the part that the State ought to have. First, the amount of the gross assets; second, the amount of the liberty bonds which constitute a part of those assets. If it is a quarter or a tenth or a twentieth, then you find the value of the share of the stock in that bank. If you find it to be \$100, you take the proportionate amount of the bonds to the gross assets, one-quarter, one-tenth, or one-twentieth, and deduct that from the value of the share of stock. Then that per cent would be the amount exempted.

Mr. PLATT. Let me take another case.

Mr. KITCHIN. All cases work out the same way.

Mr. PLATT. This is an easier case and more likely to take place: Say the resources comprise loans of \$200,000; bonds, \$100,000; cash, \$100,000; making a total of \$400,000.

Mr. KITCHIN. Now, the next question is, what is the value of a share in that bank?

Mr. PLATT. Suppose the stock is worth par and the capital \$100,000.

Mr. KITCHIN. Not the capital, but the shares which are in each individual's hands.

Mr. PLATT. The share is worth the book value, and you can assume a value of par for illustration.

Mr. FOCHT. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. FOCHT. The gentleman has made many statements about the assessed value of a share. How do you arrive at the value of a share? Do you take the market value or the book value? Take the Chemical Bank of New York. The par value of the stock is \$100, but it is worth \$1,000 a share. There is a bank in Philadelphia that had its entire capital wiped out, but it had a surplus so that the stock was still worth \$100. How do you arrive at the value of stock?

Mr. KITCHIN. Of course, that is a detail that would be settled by the State. As I understand, the Treasury Department, in ascertaining the value of the stock of a corporation—

Mr. McFADDEN. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. FOCHT. That seems to me to be the starting point and the beginning and end of the whole thing.

Mr. KITCHIN. That would be a question that would come in under any sort of an amendment. The State fixes the value, and the gentleman's State might take the market value and my State might take the book value.

Mr. McFADDEN. In Pennsylvania they are given two options, one is a 10 mill tax on the capital and the other a 4 mill tax on the value of the shares of national banks.

Take, for instance, a bank with \$100,000 of capital, \$50,000 of surplus, and, we will say, a million dollars worth of assets. The book value of that stock is \$150 per share. If the bank takes the option of paying the tax on the value of the shares it will be charged the 4-mill rate, or \$600 per annum; if it takes the other option it will pay 10 mills on the capital stock, regardless of the value. The thing I am not clear on, under the gentleman's bill, is this: Take this bank with a million dollars of assets, holding a hundred thousand dollars of Government bonds. What per cent of those Government bonds would be relieved of taxation?

Mr. STERLING of Illinois. Mr. Speaker, what is the ratio between the taxable assets and the gross assets? The gentleman has not stated the taxable assets.

Mr. McFADDEN. The point of the amendment of the gentleman from North Carolina [Mr. KITCHIN] would be that proportion of Government bonds held to the total assets. With a hundred thousand dollars of Government bonds and a million dollars of assets, the taxable net assets would be \$900,000.

Mr. FOCHT. And the House may understand that it is the gentleman's conception of this bill that the stock will be taxed on what we commonly understand to be the book value?

Mr. McFADDEN. The book value; yes.

Mr. KITCHIN. The Treasury Department at one time pursued this course. If it had a market, quotable price, they would take that, if it was listed. If it did not have that, they would find the transfer value of the stock during the year, say, the first week in each month or the first day in each month, and would take the average selling price of it. If it did not do that it would take the book value, as the gentleman says.

Mr. DOMINICK. In fixing the value of shares of stock in banks for taxation, is it not a matter for the respective States as to the way in which they shall be taxed?

Mr. KITCHIN. Yes. As I said to the gentleman from Pennsylvania, that is so.

Mr. PLATT. Mr. Speaker, for purposes of illustration you can presume that the value of a stock is par, and in the case I mentioned, where the total resources were \$400,000, including \$100,000 of bonds, \$100,000 capital worth par, you would claim in that case a deduction of one-fourth, which would be \$25,000, and the taxable assets \$75,000.

Mr. KITCHIN. Yes.

Mr. PLATT. As your resources increase with the same capital and the same ownership of bonds, suppose the resources were \$600,000, then you would divide the \$100,000 of value of shares by one-sixth and subtract \$16,666.

Mr. KITCHIN. Yes; that is the way it would work.

Mr. STERLING of Illinois. Mr. Speaker, I think the gentleman has the right idea. As the deposits increase, the amount of bonds exempt from taxation would decrease. That is the idea he is getting at.

Mr. PLATT. Deposits, of course, are liabilities.

Mr. STERLING of Illinois. Assuming the taxable assets remain permanent—that is, capital and surplus, suppose that remains permanent as the deposits go up—the amount of bonds that are exempt from taxation goes down.

Mr. PLATT. As the gentleman from North Carolina [Mr. KITCHIN] has stated, deposits are liabilities. If you say as the loans go up, which are the same thing, I agree with you, because deposits and loans are really the same thing—

Mr. KITCHIN. Oh, loans have nothing to do with it. You have to take the total gross assets and see what percentage of that the bonds constitute. If it is 10 per cent, you deduct 10 per cent, and if 20 per cent you deduct 20 per cent.

Mr. PLATT. The loans have something to do with it because they are the largest item in the resources of the bank.

Mr. KITCHIN. You do not consider the loans separately; but consider the whole total liabilities—the stocks, municipal bonds, cash in the vaults, loans, discounts—it all goes to make up the total.

Mr. PLATT. I am taking a typical bank statement. On the resources line of a bank statement the loans are the big item.

Mr. STERLING of Illinois. The loans are made up not only of deposits, but of capital and surplus, so that you can not pick out the loans in determining this matter at all.

Mr. PLATT. They are the biggest item in the resources. When the deposits go up the loans go up. They have to invest their deposits, and they always do. Take any bank statement and you will find that is so.

Mr. STERLING of Illinois. Let me make this statement, and I want to make it for the benefit of the gentleman from North Carolina [Mr. KITCHIN]. The gentleman from North Carolina is confused on this because he does not state his proportion correctly. The question is, What is the ratio between the taxable assets of the bank and the gross assets? Say it is one to five. That is, the taxable assets are one-fifth of the gross assets. Then one-fifth of the bonds are exempt from taxation. If it is one-third of the gross assets, one-third of the bonds are exempt from taxation. If the gentleman from North Carolina will accept that as the proper statement of the proportion, he can make this thing a good deal clearer.

Mr. KITCHIN. Well, I think the proportion stated in the amendment is much clearer than the gentleman from Illinois states it. He states it in an arithmetical way. The proposed amendment states it a little more brief, a little clearer and in a little more legislative and rhetorical way.

Mr. PLATT. I suppose the gentleman will admit this does not give nearly as big a deduction as the amendment passed the other day?

Mr. KITCHIN. No, sir; and we ought not to.

Mr. BUTLER. Will the gentleman yield?

Mr. KITCHIN. Surely.

Mr. BUTLER. I have no use for a bank except to borrow, and I know nothing about the banking business except when I want to know whether it has money enough to accommodate me. A MEMBER. Impossible.

Mr. BUTLER. My friend says it is impossible, but I never found it so. It was proposed by the bill which this House passed last Saturday to permit States to impose taxes upon these bonds in the hands of the bank. Is not that stated correctly? The bill we passed last Saturday does not take from the State the right to impose taxes for State purpose upon those bonds which we are discussing here—liberty bonds?

Mr. KITCHIN. Yes.

Mr. BUTLER. It is not proposed by this proposed amendment to remove the right of the State to impose taxes upon those bonds?

Mr. KITCHIN. Yes; we remove the right of the State to impose taxes upon the value of the share but not other property.



Mr. BUTLER. Aside from that, will not the State still collect something from the bank by reason of the ownership of these bonds if we pass this amendment?

Mr. KITCHIN. Not a penny.

Mr. BUTLER. Then I must vote for the amendment.

Mr. KITCHIN. Surely.

Mr. BUTLER. I want to relieve these bonds from the liability of being taxed; that is just what I wanted to know, and I knew my friend would answer me.

Mr. KITCHIN. That will do what the gentleman wants done.

Mr. BUTLER. Then I am right.

Mr. KITCHIN. Here is the difference with respect to the gentleman's question which is troubling him, the difference between the provision which was in the original bill as construed, not by me, but as construed by the Treasury Department. Now, the difference in the original bill and the proposed amendment is this:

If a bank had \$200,000 capital stock and surplus, its assets may be \$5,000,000, but if it invest \$200,000 of its depositors' money in Government bonds or an amount equal to the surplus and capital, it would not only escape taxation to the amount of the value of the certificate of shares represented by the \$200,000 but it would escape State taxation entirely and the bank would not have to pay the State anything on the value of the shares.

Mr. BUTLER. That is the Treasury construction.

Mr. KITCHIN. Yes. This amendment will simply prevent the State from putting any taxation upon that part of the value of the certificate of share which the Government bond bears to it and still permits the State to tax the part of the value of the share which the other assets than Government bonds impart to it. In other words, to give an illustration—

Mr. BUTLER. That is the way to make children see a thing.

Mr. KITCHIN. I am going to give the same one I used before. Here is a bank with a million dollars assets. Now, a share of stock in that bank is worth \$200. There are \$100,000 of Government bonds, there are also \$260,000 of Bethlehem stock, say there are \$300,000 of loans and discounts to Tom, Dick, and Harry, and there is \$250,000 of stock in municipal bonds. Now, this \$100,000 of Government bonds—liberty bonds—ought not to give that one share in the bank its full \$200 of value. That \$100,000 of Government bonds does not give it any more value than \$100,000 of notes of Tom, Dick, and Harry. It does not impart any more value than \$100,000 in town bonds. It takes all the assets, loans and discounts, Bethlehem steel stock, town bonds, Government bonds to make up the \$200,000, so you see the Government bonds in these total assets have no more prestige or virtue than any other \$100,000 of assets. So, with \$1,000,000 of assets, the share of stock is worth \$200; the Government bonds of \$100,000, being one-tenth of the assets, total reserves liable for debt, only give that one-tenth of the value; therefore the assets other than Government bonds, in which the Government has no interest, give nine-tenths of the value. Now, then, this amendment specifically, clearly makes exempt only that one-tenth of the value of the \$200 share which is imparted by the \$100,000 of bonds, or one-tenth of the assets and the \$180 is still taxable by the State, because that represents nine-tenths of assets other than Government bonds.

Mr. BUTLER. I understand that will relieve the liberty bonds from taxation?

Mr. KITCHIN. Absolutely; there is no getting away from it.

Mr. BUTLER. I thank the gentleman.

Mr. DALE of Vermont. Will the gentleman yield for a question?

Mr. KITCHIN. I will.

Mr. DALE of Vermont. In some of the States the taxation value of bank stock is fixed by a commission?

Mr. KITCHIN. Yes.

Mr. DALE of Vermont. Now, does not this put it right in the hands of the commission to better the value of that stock so they can still tax it?

Mr. KITCHIN. If it did, then the man who is taxed would have the right of appeal to the court, just as if I was overtaxed in my State. They have the right, because it is a question of State taxation.

Mr. DALE of Vermont. Under the general law they would have it.

Mr. KITCHIN. They can go to the State or Federal courts.

Mr. DALE of Vermont. Does the bill give them any specific right?

Mr. KITCHIN. No; because there is a general law that gives them the right.

Mr. STERLING of Illinois. Where the commission fixes the taxable value of bank property, they have to fix it under certain rules and regulations, and so forth; they have got to fix it with reference to law?

Mr. DALE of Vermont. It is bank stock. They fix the value of the bank stock, and it is optional with them.

Mr. KITCHIN. But the law of 1864 declares that they must put the same rate of tax on it; that is, tax it no higher or make no more discrimination against this tax on shares of banks than it does on the other property.

Mr. DALE of Vermont. That is true; but it would not be apparent on the face of it.

Mr. KITCHIN. A man that is taxed unrighteously has the right of appeal, just as we have now in the States.

Mr. MOORE of Pennsylvania. Mr. Speaker, I have written two questions, which I wish the gentleman would answer carefully.

Mr. KITCHIN. I will.

Mr. MOORE of Pennsylvania. First: Does the Kitchin amendment interfere with the right of the States to tax the value of shares as heretofore?

Mr. KITCHIN. Absolutely not. That right is preserved in them, and we do not take it away from them.

Mr. MOORE of Pennsylvania. Question No. 2: Does this amendment permit the States to tax Federal bonds directly or indirectly?

Mr. KITCHIN. It does not.

Mr. MOORE of Pennsylvania. That seems to me to answer the general proposition and also the constitutional questions involved.

Mr. McFADDEN. It does affect the right to tax up to about 10 per cent?

Mr. KITCHIN. No, sir.

Mr. McFADDEN. In other words, if a bank holds Government bonds they can only tax—

Mr. MOORE of Pennsylvania. The gentleman's amendment—

Mr. KITCHIN. You will find in the RECORD that I explained exactly what you are asking.

Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the Kitchin amendment.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KITCHIN, a motion to reconsider the vote by which the bill was passed was laid on the table.

PLATE PRESENTED BY BRITISH GOVERNMENT TO AMERICAN EMBASSY AT BERLIN (H. DOC. NO. 1013).

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the memorandum attached thereto, was referred to the Committee on Foreign Affairs and ordered printed:

*To the Senate and House of Representatives:*

I transmit herewith a report by the Secretary of State, concerning pieces of plate presented by the British Government to certain persons connected with the American Embassy at Berlin at the time it was in charge of British interests in Germany, and request the consideration by Congress of the question whether it will grant authority to the Secretary of State to deliver the pieces of plate to the persons named in the report of the Secretary of State.

WOODROW WILSON.

THE WHITE HOUSE, April 2, 1918.

INDIAN APPROPRIATIONS.

Mr. CARTER of Oklahoma. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman from Oklahoma rise?

Mr. CARTER of Oklahoma. I want to renew my request to take from the Speaker's table the bill H. R. 8696, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to take from the Speaker's table the bill H. R. 8696, disagree to the Senate amendments, and ask for a conference. Is there objection?

Mr. MOORE of Pennsylvania. Reserving the right to object, I do not see the gentleman from Minnesota [Mr. KNUTSON], who objected, here. I desire to ask the gentleman if there has been any understanding?

Mr. CARTER of Oklahoma. There was not any understanding.

Mr. KNUTSON. I will say to the gentleman from Pennsylvania that I have no objection to the request.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 8696) making appropriations for the current and contingent expenses of the Bureau of Indian Affairs, for fulfilling treaty stipulations with various Indian tribes, and for other purposes, for the fiscal year ending June 30, 1919.

The SPEAKER announced the following conferees: Mr. CARTER of Oklahoma, Mr. HAYDEN, and Mr. CAMPBELL of Kansas.

WAR FINANCE CORPORATION—CONFERENCE REPORT (NO. 448.)

Mr. KITCHIN. Mr. Speaker, I call up the conference report on the bill S. 3714, known as the War Finance Corporation bill.

The SPEAKER. The gentleman calls up the conference report on the bill S. 3714.

Mr. WALSH. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?

Mr. WALSH. I reserve a point of order on the report.

The SPEAKER. The Clerk will report the conference report.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that the statement be read in lieu of the report. Is there objection?

There was no objection.

Mr. KITCHIN. Let me make one request, and the Speaker will help me carry out that request. I wish the House would pay careful attention to the report. The report is clear and takes up every single point of difference, and I am sure that if gentlemen of the House will pay attention to the report we can get through with it in 10 minutes afterwards, as the Senate did yesterday.

Mr. MOORE of Pennsylvania. Another body has already approved this conference report?

Mr. KITCHIN. Yes; another body has approved this conference report.

The SPEAKER. Gentlemen will take their seats and refrain from conversation while this statement is read.

The Clerk read the statement.

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3714) to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed by the House, insert the following:

"TITLE I.—WAR FINANCE CORPORATION.

"That the Secretary of the Treasury and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the 'War Finance Corporation,' (herein called the Corporation), and shall have succession for a period of 10 years: *Provided*, That in no event shall the Corporation exercise any of the powers conferred by this act, except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States.

SEC. 2. That the capital stock of the Corporation shall be \$500,000,000, all of which shall be subscribed by the United States of America, and such subscription shall be subject to call upon the vote of three-fifths of the board of directors of the corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000, or so much thereof as may be necessary for the purpose of making payment upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the Corporation to the Secretary of the Treasury, and shall be evidence of stock ownership.

SEC. 3. That the management of the Corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate. No director, officer, attorney, agent, or employee of the Corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association, in which he

is directly or indirectly interested; and each director shall devote his time, not otherwise required by the business of the United States, principally to the business of the Corporation. Before entering upon his duties, each of the four directors so appointed, and each officer, shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a director of the Corporation of any officer or employee under the United States or of a director of a Federal reserve bank.

Of the four directors so appointed, the President of the United States shall designate two to serve for two years, and two for four years; and thereafter each director so appointed shall serve for four years. Whenever a vacancy shall occur among the directors so appointed, the person appointed director to fill any such vacancy shall hold office for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the United States. Three members of the board of directors shall constitute a quorum for the transaction of business.

SEC. 4. That the four directors of the Corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, of \$12,000. Any director receiving from the United States any salary or compensation for services shall not receive as salary from the Corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the Corporation exceed \$12,000.

SEC. 5. That the principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

SEC. 6. That the Corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction, State or Federal; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the Corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

SEC. 7. That the Corporation shall be empowered and authorized to make advances, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding five years from the respective dates of such advances:

(1) To any bank, banker, or trust company, in the United States, which shall have made after April 6, 1917, and which shall have outstanding, any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war, and evidenced by a note or notes, but no such advance shall exceed 75 per cent of the face value of such loan or loans; and

(2) To any bank, banker, or trust company, in the United States, which shall have rendered financial assistance, directly or indirectly, to any such person, firm, corporation or association by the purchase after April 6, 1917, of its bonds or other obligations, but no such advance shall exceed 75 per cent of the value of such bonds or other obligations at the time of such advance, as estimated and determined by the board of directors of the Corporation.

All advances shall be made upon the promissory note or notes of such bank, banker, or trust company, secured by the notes, bonds, or other obligations, which are the basis of any such advance by the Corporation, together with all the securities, if any, which such bank, banker, or trust company may hold as collateral for such notes, bonds, or other obligations.

The Corporation shall, however, have power to make advances (a) up to 100 per cent of the face value of any such loan made by any such bank, banker, or trust company to any such person, firm, corporation, or association, and (b) up to 100 per cent of the value at the time of any such advance (as estimated and determined by the board of directors of the Corporation) of such bonds or other obligations by the purchase of which financial assistance shall have been rendered to such person, firm, corporation, or association: *Provided*, That every such advance shall be secured in the manner described in the preced-



ing part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a value, at the time of such advance (as estimated and determined by the board of directors of the Corporation), equal to at least 33 per cent of the amount advanced by the Corporation. The Corporation shall retain power to require additional security at any time.

SEC. 8. That the Corporation shall be empowered and authorized to make advances from time to time, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding one year, to any savings bank, banking institution or trust company, in the United States, which receives savings deposits, or to any building and loan association in the United States, on the promissory note or notes of the borrowing institution, whenever the Corporation shall deem such advances to be necessary or contributory to the prosecution of the war or important in the public interest: *Provided*, That such note or notes shall be secured by the pledge of securities of such character as shall be prescribed by the board of directors of the Corporation, the value of which, at the time of such advance (as estimated and determined by the board of directors of the Corporation) shall be equal in amount to at least 133 per cent of the amount of such advance. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrowing institution is located, but such rate of interest shall in no case be greater than the average rate receivable by the borrowing institution on its loans and investments made during the six months prior to the date of the advance, except that where the average rate so receivable by the borrowing institution is less than such rate of discount for 90-day commercial paper the rate of interest on such advance shall be equal to such rate of discount. The Corporation shall retain power to require additional security at any time.

SEC. 9. That the Corporation shall be empowered and authorized, in exceptional cases, to make advances directly to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war (but only for the purpose of conducting such business in the United States and only when in the opinion of the board of directors of the Corporation such person, firm, corporation, or association is unable to obtain funds upon reasonable terms through banking channels or from the general public), for periods not exceeding five years from the respective dates of such advances, upon such terms, and subject to such rules and regulations as may be prescribed by the board of directors of the Corporation. In no case shall the aggregate amount of the advances made under this section exceed at any one time an amount equal to 12½ per cent of the sum of (1) the authorized capital stock of the Corporation plus (2) the aggregate amount of bonds of the Corporation authorized to be outstanding at any one time when the capital stock is fully paid in. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of a value at the time of such advance (as estimated and determined by the board of directors), equal to (except in case of an advance made to a railroad in the possession and control of the President, for the purpose of making additions, betterments, or road extensions to such railroad) at least 125 per cent of the amount advanced by the Corporation. The Corporation shall retain power to require additional security at any time. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located.

SEC. 10. That in no case shall the aggregate amount of the advances made under this title to any one person, firm, corporation, or association exceed at any one time an amount equal to 10 per cent of the authorized capital stock of the Corporation, but this section shall not apply in the case of an advance made to a railroad in the possession and control of the President, for the purpose of making additions, betterments, or road extensions to such railroad.

SEC. 11. That the Corporation shall be empowered and authorized to subscribe for, acquire, and own, buy, sell, and deal in bonds and obligations of the United States issued or converted after September 24, 1917, to such extent as the board of directors, with the approval of the Secretary of the Treasury, may from time to time determine.

SEC. 12. That the Corporation shall be empowered and authorized to issue and have outstanding at any one time its bonds in an amount aggregating not more than six times its paid-in capital, such bonds to mature not less than one year nor more than five years from the respective dates of issue, and to bear such rate or rates of interest, and may be redeemable before maturity at the option of the Corporation, as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such bonds shall have a first and paramount floating charge on all the assets of the Corporation, and the Corporation shall not at any time mortgage or pledge any of its assets. Such bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association, at such price or prices, as the board of directors, with the approval of the Secretary of the Treasury, may determine.

Upon such terms not inconsistent herewith as may be determined from time to time by the board of directors, with the approval of the Secretary of the Treasury, at or before the issue thereof, any of such bonds may be issued payable in any foreign money or foreign moneys, or issued payable at the option of the respective holders thereof either in dollars or in any foreign money or foreign moneys at such fixed rate of exchange as may be stated in any such bonds. For the purpose of determining the amount of bonds issued payable in any foreign money or foreign moneys the dollar equivalent shall be determined by the par of exchange at the date of issue thereof, as estimated by the Director of the Mint and proclaimed by the Secretary of the Treasury in pursuance of the provisions of section 25 of the act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August 27, 1894.

SEC. 13. That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such bonds of the Corporation and to rediscount eligible paper secured by such bonds and indorsed by a member bank. No discount or rediscount under this section shall be granted at a less interest charge than 1 per cent per annum above the prevailing rates for eligible commercial paper of corresponding maturity.

Any Federal reserve bank may, with the approval of the Federal Reserve Board, use any obligation or paper so acquired for any purpose for which it is authorized to use obligations or paper secured by bonds or notes of the United States not bearing the circulation privilege: *Provided, however*, That whenever Federal reserve notes are issued against the security of such obligations or paper the Federal Reserve Board may make a special interest charge on such notes, which, in the discretion of the Federal Reserve Board, need not be applicable to other Federal reserve notes which may from time to time be issued and outstanding. All provisions of law, not inconsistent herewith, in respect to the acquisition by any Federal reserve bank of obligations or paper secured by such bonds or notes of the United States, and in respect to Federal reserve notes issued against the security of such obligations or paper, shall extend, in so far as applicable, to the acquisition of obligations or paper secured by the bonds of the Corporation and to the Federal reserve notes issued against the security of such obligations or paper.

SEC. 14. That the corporation shall not exercise any of the powers granted by this title or perform any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the President of the United States to commence business under the provisions of this title.

SEC. 15. That all net earnings of the Corporation not required for its operations shall be accumulated as a reserve fund until such time as the Corporation liquidates under the terms of this title. Such reserve fund shall, upon the direction of the board of directors, with the approval of the Secretary of the Treasury, be invested in bonds and obligations of the United States, issued or converted after September 24, 1917, or upon like direction and approval may be deposited in member banks of the Federal Reserve System, or in any of the Federal reserve banks, or be used from time to time, as well as any other funds of the Corporation, in the purchase or redemption of any bonds issued by the Corporation. The Federal reserve banks are hereby authorized to act as depositaries for and as fiscal agents of the Corporation in the general performance of the powers conferred by this title. Beginning six months after the termination of the war, the date of such termination to be fixed by a proclamation of the President of the United

States, the directors of the Corporation shall proceed to liquidate its assets and to wind up its affairs, but the directors of the Corporation, in their discretion, may, from time to time, prior to such date, sell and dispose of any securities or other property acquired by the Corporation. Any balance remaining after the payment of all its debts shall be paid into the Treasury of the United States as miscellaneous receipts, and thereupon the Corporation shall be dissolved.

SEC. 16. That any and all bonds issued by the Corporation shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, corporations, or associations. The interest on an amount of such bonds the principal of which does not exceed in the aggregate \$5,000, owned by any individual, partnership, corporation, or association, shall be exempt from the taxes referred to in clause (b). The Corporation, including its franchise and the capital and reserve or surplus thereof, and the income derived therefrom, shall be exempt from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except that any real property of the Corporation shall be subject to State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed.

SEC. 17. That the United States shall not be liable for the payment of any bond or other obligation or the interest thereon issued or incurred by the Corporation, nor shall it incur any liability in respect of any act or omission of the Corporation.

SEC. 18. That whoever (1) makes any statement, knowing it to be false, for the purpose of obtaining for himself or for any other person, firm, corporation, or association any advance under this title, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

Whoever willfully overvalues any security by which any such advance is secured shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

Whoever (1) falsely makes, forges, or counterfeits any bond, coupon, or paper in imitation of or purporting to be in imitation of a bond or coupon issued by the Corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by the Corporation, knowing the same to be falsely made, forged, or counterfeited; or (3) falsely alters any such bond, coupon, or paper; or (4) passes, utters, or publishes as true any falsely altered or spurious bond, coupon, or paper issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, or willfully misapplies any moneys, funds, or credits thereof, or (2) with intent to defraud the Corporation or any other company, body politic or corporate, or any individual, or to deceive any officer of the Corporation, (a) makes any false entry in any book, report, or statement of the Corporation, or (b) without authority from the directors draws any order or assigns any note, bond, draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than \$10,000, or by imprisonment for not more than five years, or both.

The Secretary of the Treasury is hereby authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

SEC. 19. That the Corporation shall file quarterly reports with the Secretary of the Senate and with the Clerk of the House of Representatives, stating as of the first day of each month of the quarter just ended (1) the total amount of capital paid in, (2) the total amount of bonds issued, (3) the total amount of bonds outstanding, (4) the total amount of advances made under each of sections 7, 8, and 9, (5) a list of the classes and amount of securities taken under each of such sections, (6) the total amount of advances outstanding under each of sections 7, 8, and 9, and (7) such other information as may be hereafter required by either House of Congress.

The Corporation shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures.

SEC. 20. Section 5202 of the Revised Statutes of the United States is hereby amended so as to read as follows:

"Sec. 5202. No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

"First. Notes of circulation.

"Second. Moneys deposited with or collected by the association.

"Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association or due thereto.

"Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

"Fifth. Liabilities incurred under the provisions of the Federal reserve act.

"Sixth. Liabilities incurred under the provisions of the War Finance Corporation act."

#### TITLE II.—CAPITAL ISSUES COMMITTEE.

SEC. 200. That there is hereby created a committee to be known as the "Capital Issues Committee," hereinafter called the committee, and to be composed of seven members to be appointed by the President of the United States, by and with the advice and consent of the Senate. At least three of the members shall be members of the Federal Reserve Board.

No member, officer, attorney, agent, or employee of the committee shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interest of any corporation, partnership, or association in which he is directly or indirectly interested. Before entering upon his duties, each member and officer shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a member of the committee, of any officer or employee under the United States or of a director of a Federal reserve bank.

The terms during which the several members of the committee shall respectively hold office shall be determined by the President of the United States, and the compensation of the several members of the committee who are not members of the Federal Reserve Board shall be \$7,500 per annum, payable monthly, but if any such member receives any other compensation from any office or employment under the United States, the amount so received shall be deducted from such salary, and if such other compensation is \$7,500 or more, such member shall receive no salary as a member of the committee. Any member shall be subject to removal by the President of the United States. The President shall designate one of the members as chairman, but any subsequent vacancy in the chairmanship shall be filled by the committee. Four members of the committee shall constitute a quorum for the transaction of business.

SEC. 201. That the committee may employ and fix the compensation of such officers, attorneys, agents, and other employees as may be deemed necessary to conduct its business, who shall be appointed without regard to the provisions of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto or any rules or regulations made in pursuance thereof. No such officer, attorney, agent, or employee shall receive more compensation than persons performing services of like or similar character under the Federal Reserve Board.

SEC. 202. That all the expenses of the committee, including all necessary expenses for transportation incurred by the members or by its officers, attorneys, agents, or employees under its orders in making an investigation or upon official business in any other place than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman.

The committee may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary, but shall not expend more than \$10,000 annually for offices in the District of Columbia.

The principal office of the committee shall be in the District of Columbia, but it may meet and exercise all its powers at any other place. The committee may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 203. That the committee may, under rules and regulations to be prescribed by it from time to time, investigate, pass upon, and determine whether it is compatible with the national interest that there should be sold or offered for sale or for sub-



scription any issue, or any part of any issue, of securities hereafter issued by any person, firm, corporation, or association, the total or aggregate par or face value of which issue and any other securities issued by the same person, firm, corporation, or association since the passage of this act is in excess of \$100,000. Shares of stock of any corporation or association without nominal or par value shall for the purpose of this section be deemed to be of the par value of \$100 each. Any securities which upon the date of the passage of this act are in the possession or control of the corporation, association, or obligor issuing the same shall be deemed to have been issued after the passage of this act within the meaning hereof.

Nothing in this title shall be construed to authorize such committee to pass upon (1) any borrowing by any person, firm, corporation, or association in the ordinary course of business as distinguished from borrowing for capital purposes, (2) the renewing or refunding of indebtedness existing at the time of the passage of this act, (3) the resale of any securities the sale or offering of which the committee has determined to be compatible with the national interest, (4) any securities issued by any railroad corporation the property of which may be in the possession and control of the President of the United States, or (5) any bonds issued by the War Finance Corporation.

Nothing done or omitted by the committee hereunder shall be construed as carrying the approval of the committee or of the United States of the legality, validity, worth, or security of any securities.

Sec. 204. That there is hereby appropriated out of any money in the Treasury not otherwise appropriated, for the remainder of the fiscal year ending June 30, 1918, and the fiscal year ending June 30, 1919, the sum of \$200,000 for the purpose of defraying the expenses of the establishment and maintenance of the committee, including the payment of the salaries and rents herein authorized.

Sec. 205. That the committee shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures, and also including the names of all officers and employees and the salary paid to each.

Sec. 206. That this title shall continue in effect until, but not after, the expiration of six months after the termination of the war, the date of such termination to be determined by a proclamation of the President of the United States, but the President may at any time by proclamation declare that this title is no longer necessary, and thereupon it shall cease to be in effect.

#### TITLE III.—MISCELLANEOUS.

Sec. 300. That whoever willfully violates any of the provisions of this act, except where a different penalty is provided in this act, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than \$10,000 or imprisoned for not more than one year, or both; and whoever knowingly participates in any such violation, except where a different penalty is provided in this act, shall be punished by a like fine or imprisonment, or both.

Sec. 301. That no stamp tax shall be required or imposed upon a promissory note secured by the pledge of bonds or obligations of the United States issued after April 24, 1917, or secured by the pledge of a promissory note which itself is secured by the pledge of such bonds or obligations: *Provided*, That in either case the par value of such bonds or obligations shall equal the amount of such note.

Sec. 302. That if any clause, sentence, paragraph, or part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, or, in case any court of competent jurisdiction shall adjudge to be invalid any provisions hereof in respect of any class or classes of securities, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, part, or subject matter of this act directly involved in the controversy in which such judgment shall have been rendered.

Sec. 303. That the term "securities," as used in this act, includes stocks, shares of stock, bonds, debentures, notes, certificates of indebtedness, and other obligations.

Sec. 304. That the right to amend, alter, or repeal this act is hereby expressly reserved.

Sec. 305. That the short title of this act shall be the "War Finance Corporation act."

Sec. 306. That all provisions of any act or acts inconsistent with the provisions of this act are hereby repealed.

Amend the title to read as follows: "An act to provide further for the national security and defense, and, for the purpose

of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes."

And the House agree to the same.

CLAUDE KITCHIN,  
HENRY T. RAINEY,  
LINCOLN DIXON,  
J. HAMPTON MOORE,  
WILLIAM R. GREEN.

*Managers on the part of the House.*

F. M. SIMMONS,  
WM. J. STONE,  
JOHN SHARP WILLIAMS,  
BOIES PENROSE,  
H. C. LODGE.

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3714) to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

#### TITLE I.—WAR FINANCE CORPORATION.

##### SECTION 1.—ESTABLISHMENT OF WAR FINANCE CORPORATION.

The Senate bill sets forth the purposes of the act. The House bill eliminated the statement of the purposes of the act, in view of the fact that the purposes were fully set out in the title. The remainder of the section is identical in both bills, except for minor clerical changes. The conferees adopt the House section.

##### SECTION 2.—CAPITAL STOCK OF THE CORPORATION.

The substance of this section is the same in both bills. The House bill makes a transposition of language in the interest of clearness. The conferees adopt the House section.

##### SECTION 3.—MANAGEMENT OF THE CORPORATION.

The substance of the two bills is identical, with the following exception:

1. The House bill provides that not more than three of the five directors shall be members of the same political party. The Senate bill contained no similar provision. The conferees omit this provision.

2. The House bill provides that each director shall devote to the business of the Corporation all of his time not devoted to the business of the United States. The Senate bill contains no similar provision; therefore it would not require a director to devote his entire time to the business of the Corporation or to the business of the United States. The conferees provide that "each director shall devote his time, not otherwise required by the business of the United States, principally to the business of the Corporation."

3. The House bill provides that nothing contained in this or any other act shall be construed to prevent the appointment as a director of the corporation of any officer or employee under the United States or of a director of a Federal reserve bank. The similar provision of the Senate bill is not as broad as the provision of the House bill, and provides that nothing contained in this act or in the Federal reserve act shall be construed to prevent the appointment of a member of the Federal Reserve Board or of any other governmental administrative body, or of a director of a Federal reserve bank, as a director of the corporation. The conferees adopt the House provision.

##### SECTION 4.—SALARY OF THE DIRECTORS.

The substance of the provisions of the two bills is identical, with the exception that the House bill fixes the salary of the directors at \$12,000 per annum, while the Senate bill allows the Secretary of the Treasury, with the approval of the President of the United States, to fix the salaries at an amount not exceeding \$12,000. The conferees adopt the House section.

##### SECTION 5.—THE PRINCIPAL OFFICES OF THE CORPORATION.

The provisions of the two bills are identical, with the exception that the House bill permits the board of directors to establish agencies or branch offices in any city or cities of the United States, while the Senate bill permits the board of directors, with the approval of the Secretary of the Treasury, to establish such agencies or offices. The conferees adopt the House section.

*Power of the corporation.*

## SECTION 6.—ORDINARY CORPORATE POWERS.

The provisions giving the corporation the ordinary powers and privileges enjoyed by corporations are identical except for certain clerical changes in the interest of clearness. The conferees adopt the House section with minor changes.

## SECTION 7.—ADVANCES THROUGH BANKS.

The substance of the provisions of the two bills relating to advances through banks are the same, with the exception of the following:

1. The House bill limits the advances that can be made by the corporation to those made upon the basis of loans of banks, bankers, or trust companies made and outstanding to persons, firms, corporations, or associations since April 6, 1917, the date of the declaration of war. The Senate bill contains no such limitation and would permit the corporation to make advances to banks, bankers, or trust companies on outstanding loans whenever made. The conferees adopt the House provision.

2. The House bill limits the advances which can be made by the Corporation to banks, bankers, or trust companies (on the basis of securities of war industries held by such banks, bankers, or trust companies) to such securities purchased since April 6, 1917. The Senate bill contains no such limitation, and would allow such advances to be made on any war-industry securities held by banks, bankers, or trust companies which have rendered financial assistance, directly or indirectly, by the purchase of such securities from persons, firms, corporations, or associations whose operations are necessary or contributory to the prosecution of the war. The conferees adopt the House provision.

3. The House bill limits the advances to banks, bankers, or trust companies in the United States. The Senate bill contains no such limitation. The conferees adopt the House provision.

4. The House bill limits the persons, firms, corporations, or associations whose loans may be made the basis of an advance to a bank, banker, or trust company to those conducting an established and going business in the United States. The Senate bill contains no such limitation, and would permit advances to be made to concerns outside of the United States, if such concerns had outstanding loans or held securities of concerns whose operations were necessary or contributory to the prosecution of the war. The conferees adopt the House provision.

5. The House bill requires the Corporation when it makes an advance up to 100 per cent of the face value of the loan by the bank, banker, or trust company to require additional security equal to at least 33 per cent. The Senate bill requires in such cases additional security equal to at least 25 per cent. The conferees adopt the House provision.

6. The Senate bill gives fire and life insurance companies the same privilege permitted to banks, bankers, or trust companies under this section. The House bill does not give fire and life insurance companies this privilege. The conferees omit this provision.

7. The House bill provides that the Corporation shall retain power to require additional security at any time. The Senate bill provides that the Corporation shall retain power to require additional collateral security at any time. The word "collateral" is left out in the House bill. The conferees adopt the House provision.

## SECTION 8.—ADVANCES TO SAVINGS BANKS AND SIMILAR INSTITUTIONS.

The substance of the provisions of the two bills providing for advances to savings banks and similar institutions are identical, with the following exceptions:

1. The House bill permits advances to be made to trust companies in the United States, which receive savings deposits. The Senate bill does not extend this privilege to trust companies. The conferees adopt the House provision.

2. The House bill limits the advances that can be made under this section to banking institutions and building and loan associations in the United States. The Senate bill does not require such institutions or associations to be doing business in the United States. The conferees adopt the House provision.

3. The House bill provides that the board of directors shall prescribe the character of securities that shall be required of savings banks and similar institutions receiving advances under this section. The Senate bill prescribes that the board of directors of the Corporation, with the approval of the Secretary of the Treasury, shall prescribe the character of such securities. The conferees adopt the House provision.

4. The Senate bill provides that the rate of interest charged savings banks and similar institutions shall not be less than one-half of 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advances at the Federal reserve bank of the district in which the borrowing institution is located. The House bill pro-

vides that such rate of interest shall not be less than 1 per cent per annum in excess of the rate for such 90-day commercial paper. The conferees adopt the House provision, with the added limitation that such rate of interest shall in no case be greater than the average rate receivable by the borrowing institution on its loans and investments made during the six months prior to the date of the advance, except that where the average rate so receivable by the borrowing institution is less than such rate of discount for 90-day commercial paper the rate of interest on such advance shall be equal to such rate of discount.

5. The Senate bill provides that all advances made to savings banks and similar institutions shall be secured by the pledge of securities the market value of which shall be equal in amount to at least 125 per cent of the amount of the advances. The House bill increases the amount of securities to be required in such cases to an amount equal to at least 133 per cent of the amount of the advance. The conferees adopt the House provision.

6. The Senate bill provides that in the case of loans to savings banks and similar institutions that the Corporation shall retain power to require additional collateral security at any time. The House bill provides that in making advances to such institutions the Corporation shall retain power to require additional security at any time. The word "collateral" is left out in the House provision. The conferees adopt the House provision.

## SECTION 9.—DIRECT LOANS MADE BY THE CORPORATION.

The Senate bill provides that the Corporation may make advances upon adequate security directly (1) to any person, firm, corporation, or association owning or controlling (directly or through stock ownership) any railroad or other public utility and (2) to any person, firm, corporation, or association conducting an established and going business whose bonded indebtedness is not in excess of its actual invested capital and assets and whose operations are necessary or contributory to the prosecution of the war. The Senate bill also provides that such advances shall be made only in such cases as the board of directors shall determine to be of exceptional importance in the public interest.

The similar provision of the House bill makes no specified reference to any particular class of business, but authorizes the Corporation to make advances in exceptional cases direct to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the prosecution of the war (but only for the purpose of conducting such business in the United States, and only when such person, firm, corporation, or association is unable to obtain funds upon reasonable terms through banking channels or from the general public). The conferees adopt the House provision, except that the determination of the ability of the applicant for the loan to obtain money through banking channels or from the general public is specifically left to the judgment of the board of directors of the Corporation.

The Senate bill contains no limit to the amount of money that can be loaned direct under this section by the Corporation to any person, firm, corporation, or association. The House bill provides that the Corporation can not have outstanding at any one time in direct loans more than one-sixth of its paid-in capital stock plus the aggregate amount of its bonds authorized to be outstanding at such time. The conferees adopt a provision limiting the aggregate amount of advances, made in direct loans, which may be outstanding at any one time to one-eighth of the sum of its authorized capital stock and bonds.

The House bill also contains an additional limitation with references to the advances to be made direct by the Corporation not contained by the Senate bill, namely, that the rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located. The conferees adopt the House provision.

The Senate bill authorizes the Corporation to make loans direct upon adequate security. The House bill provides that the direct loans shall be secured by adequate security equal to at least 133 per cent of the amount advanced by the Corporation. The conferees adopt the House provision, changing 133 per cent to 125 per cent and providing that advances to railroads under Federal control for the purpose of making additions, betterments, or road extensions shall be secured by security deemed adequate by the directors of the Corporation.

## SECTION 10.—SINGLE ADVANCES TO THE CORPORATION.

The House bill provides that in no case shall the aggregate amount of advances made under this act to any person, firm, cor-



poration, or association exceed at any one time 10 per cent of the authorized capital stock of the Corporation, or \$50,000,000. The Senate bill contains no such limitation. The conferees adopt the House provision, but except from its operation advances to railroads under Federal control for the purpose of making additions, betterments, or road extensions.

**SECTION 11.—PURCHASE AND SALE OF GOVERNMENT BONDS AND OBLIGATIONS.**

The Senate bill authorizes the Corporation to subscribe for, acquire, and own, buy, sell, and deal in bonds and obligations of the United States to such extent as the Secretary of the Treasury may from time to time determine. The House bill limits the power of the Corporation in that it only authorizes it to subscribe for, acquire, and own, buy, sell, and deal in bonds and obligations of the United States issued or converted since September 24, 1917, and only to such extent as the board of directors, with the approval of the Secretary of the Treasury, may from time to time determine. While the Senate bill would permit the Corporation to deal in Government bonds and obligations of all issues, the House bill would only authorize it to deal in such bonds and obligations issued or converted since September 24, 1917, the date the last bond act became a law. The conferees adopt the House provision.

**SECTION 12.—CORPORATE AUTHORITY TO ISSUE BONDS.**

The House bill authorizes the Corporation to issue \$2,000,000,000 worth of bonds. The Senate bill authorizes it to issue \$4,000,000,000 worth of bonds. The conferees authorize it to issue \$3,000,000,000 worth of bonds.

The House bill provides that these bonds can not be offered for sale at less than par. Under the Senate bill the bonds could be offered for sale at less than par if the board of directors, with the approval of the Secretary of the Treasury, should so determine. The conferees adopt the Senate provision.

The House bill requires the approval of the Secretary of the Treasury only as to the rate of interest, whereas the Senate bill requires such approval as to every corporate act in relation to the issue of its bonds. The conferees adopt the House provision.

Both bills authorize the issuance of bonds payable in foreign money; but the House bill contained fuller provisions therefor. The conferees adopt the House provision, with verbal changes.

**SECTION 13.—FEDERAL RESERVE BANKS AUTHORIZED TO DISCOUNT PAPER SECURED BY WAR FINANCE CORPORATION BONDS.**

Both bills authorize the Federal reserve banks to discount the direct obligations of the member banks secured by bonds of the Corporation and to rediscount eligible paper secured by such bonds and indorsed by a member bank.

The Senate bill provides that in the case of discount and rediscount of the obligations of member banks of the Federal Reserve System secured by bonds of the Corporation that the Federal Reserve Board may fix the rates at the same rates, or higher rates, than it provides for the purchase or rediscount of paper secured by bonds or notes of the United States. The House bill provides that no discount or rediscount under this section shall be granted at a less interest charge than 1 per cent per annum above the prevailing rates for eligible commercial paper of corresponding maturity. The conferees adopt the House provision.

The House bill contains another limitation, namely, that no discount or rediscount shall be granted of paper secured by the bonds of the Corporation unless the member bank satisfies the Federal reserve bank that it has in its possession for the purpose of the transaction insufficient commercial paper eligible for discount or rediscount under the regulations of the Federal Reserve Board, made under authority of the Federal reserve act. The Senate bill contains no similar provision. The conferees omit this provision.

**SECTION 14.—PRESIDENT TO AUTHORIZE CORPORATION TO COMMENCE BUSINESS.**

This section prohibits the Corporation from doing any business, except such as is incidental and preliminary to its organization, until it is authorized by the President to commence business. The Senate bill contains no similar provision. The conferees adopt the House section.

**SECTION 15.—EARNINGS OF THE CORPORATION NOT REQUIRED FOR ITS OPERATION.**

The Senate bill specifies certain uses that may be made of the net earnings of the Corporation not required for its operations upon the direction of the Secretary of the Treasury. The House bill provides for similar disposition of such net earnings of the Corporation upon direction of the board of directors, with

the approval of the Secretary of the Treasury. The conferees adopt the House provision.

The Senate bill provides that the net earnings of the Corporation not required for its operations may be invested in any bonds, notes, or certificates of indebtedness of the United States. The House bill provides that such net earnings may be invested only in bonds and obligations of the United States issued or converted since September 24, 1917, the date of the passage of the last bond act. The conferees adopt the House provision.

The House bill provides that such net earnings or any other funds of the Corporation may be used in the purchase or redemption of any bonds issued by the Corporation. The Senate bill does not contain a similar provision. The conferees adopt the House provision.

The House bill provides that the directors of the Corporation may from time to time sell and dispose of any securities or other property acquired by the Corporation. The Senate bill does not contain a similar provision. The conferees adopt the House provision.

The Senate bill provides that any balance remaining after the payment of the debts of the Corporation shall be paid to and become the property of the United States. The House bill provides that such payment shall be paid into the Treasury of the United States as miscellaneous receipts. The conferees adopt the House provision.

**SECTION 16.—BONDS OF THE CORPORATION TAX EXEMPT TO THE SAME EXTENT AS LIBERTY BONDS ARE EXEMPT.**

The substance of the tax-exempt bond provisions of the two bills is identical. The House bill makes certain changes in the interest of clearness. The conferees adopt the House section.

**SECTION 17.—THE UNITED STATES NOT TO BE LIABLE FOR OBLIGATIONS OF THE CORPORATION.**

This section provides that the United States shall not be liable for the payment of any bond or other obligations or the interest thereon issued or incurred by the Corporation, nor shall it incur any liability in respect of any act or omission of the Corporation. The Senate bill contains no similar provision. The conferees adopt the House section.

**SECTION 18.—PENALTY FOR PERJURY, FORGERY, AND EMBEZZLEMENT.**

The substance of the penalty provision of the two bills is identical. Certain clerical changes have been made in the House bill in the interest of clearness. The House bill increases the penalty for false statements and willful overvaluation of securities from a fine of not more than \$5,000 or imprisonment for not more than one year, or both, to "a fine of not more than \$10,000 or imprisonment for not more than five years, or both." The House bill increases the forgery and embezzlement fine from \$5,000, provided in the Senate bill, to \$10,000. The conferees adopt the House provision, reducing the penalty for willful overvaluation of securities to fine of not more than \$5,000 or imprisonment for not more than two years, or both.

**SECTION 19.—QUARTERLY REPORTS OF THE CORPORATION.**

The Senate bill requires only reports with reference to direct advances made by the Corporation. The Senate bill requires a report of the name and place of business of each person, firm, corporation, or association receiving direct advances from the Corporation, the amount advanced, the terms and the securities accepted therefor. The House bill provides that the Corporation shall file quarterly reports with the Secretary of the Senate and with the Clerk of the House of Representatives, stating as of the 1st day of each month of the quarter just ended, (1) the total amount of capital paid in, (2) the total amount of bonds issued, (3) the total amount of bonds outstanding, (4) the total amount of advances made under each of sections 7, 8, and 9, (5) a list of the classes and amount of securities taken under each of such sections, (6) the total amount of advances outstanding under each of sections 7, 8, and 9, (7) the amount of bonds and obligations of the United States bought or sold under section 11, and (8) such other information as may be hereafter required by either House of Congress. The conferees adopt the House provision, omitting item (7).

The House bill also requires the Corporation to make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures. The conferees adopt this provision.

**SECTION 20.—INDEBTEDNESS OF A NATIONAL BANKING ASSOCIATION.**

This section provides that section 5202 of the Revised Statutes of the United States relating to the indebtedness of a national banking association shall not apply in the case of any liability incurred by such association under the provisions of the War Finance Corporation act. This provision does not appear in the Senate bill. The conferees adopt the House section.



TITLE II.—CAPITAL ISSUES COMMITTEE.  
SECTION 200.—CREATION OF CAPITAL ISSUES COMMITTEE.

The Senate bill provides that the capital issues committee shall be composed of five members. The House bill increases the membership to seven members. The Senate bill provides that three of the members shall be members of the Federal Reserve Board. The House bill provides that at least three of the members shall be members of the Federal Reserve Board. The conferees adopt the House provisions as to these matters.

The House bill provides that not more than four of the members of the committee shall be members of the same political party. The Senate bill contains no similar provision. The conferees omit this provision.

The House bill provides that no member or officer of the committee shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interest, or the interest of any corporation, partnership, or association in which he is directly or indirectly interested. Before entering upon his duties each member and officer shall certify under oath to the Secretary of the Treasury that he will comply with the provisions aforesaid, and he shall also take an oath faithfully to discharge the duties of his office. Nothing contained in this or in any other act shall be construed to prevent the appointment as a member of the committee of any officer or employee under the United States, or of a director of a Federal reserve bank. The Senate bill contains no similar provision. The conferees adopt the House provision, omitting the requirement of an oath to comply with the prohibition of participation by a member in any action affecting his personal interests.

Both bills fix the salary of the members of the committee who are not members of the Federal Reserve Board at \$7,500 per annum. The House bill also provides that if any member receives any other compensation from any office or employment under the United States, the amount so received shall be deducted from such salary, and if such other compensation is \$7,500 or more, that such member shall receive no salary as a member of the committee. The Senate bill contains no similar provision. The conferees adopt the House provision.

The Senate bill provides that the salary of the members of the committee shall be paid by the Corporation. The House bill provides that the salaries shall be paid by the Federal Government. The conferees adopt the House provision.

The House bill provides that any member of the committee shall be subject to removal by the President of the United States. The Senate bill contains no similar provision. The conferees adopt the House provision.

The House bill provides that the President shall designate one of the members of the committee as chairman, and that four members of the committee shall constitute a quorum for the transaction of business. The Senate bill contains no similar provision. The conferees adopt the House provisions, but add a clause providing that any vacancy in the chairmanship shall be filled by the committee.

SECTION 201.—OFFICERS, ATTORNEYS, AGENTS, AND OTHER EMPLOYEES OF THE COMMITTEE.

This section provides that the committee may employ and fix the compensation of such officers, attorneys, agents, and other employees as may be deemed necessary to conduct its business, who shall be appointed without regard to the provisions of the act entitled "An act to regulate and improve the civil service of the United States," approved January 16, 1883 (vol. 22, U. S. Stat. L., p. 403), and amendments thereto or any rules or regulations made in pursuance thereof. No such officer, attorney, agent, or employee shall receive more compensation than persons performing services of like or similar character under the Federal Reserve Board. The Senate bill contains no similar provision. The conferees adopt the House section.

SECTION 202.—TRANSACTION OF THE COMMITTEE BUSINESS.

This section provides that all the expenses of the committee, including all necessary expenses for transportation incurred by the members or by its officers, attorneys, agents, or employees under its order in making an investigation or upon official business in any other place than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman. The committee may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary, but shall not expend more than \$10,000 annually for offices in the District of Columbia. The principal office of the committee shall be in the District of Columbia, but it may meet and exercise all its powers at any other place. The committee may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United

States. The Senate bill contains no similar provisions. The conferees adopt the House section.

SECTION 203.—COMMITTEE TO INVESTIGATE ISSUANCE OF SECURITIES.

This section authorizes the committee to investigate, pass upon, and determine whether it is compatible with the national interest that there should be sold or offered for sale or for subscription any issue, or any part of any issue, of securities hereafter issued by any person, firm, corporation, or association, the total or aggregate par or face value of which issue and any other securities issued by the same person, firm, corporation, or association since the passage of this act is in excess of \$100,000. The Senate bill authorizes the committee to investigate, pass upon, and determine whether or not the sale or offering for sale or for subscription of any issue or any part of any issue of securities hereafter issued, the par or face value of which issue shall be in excess of \$100,000, is compatible with the public interest. The House bill changes the expression "compatible with the public interest" to "compatible with the national interest." The conferees adopt the House provisions.

The Senate bill authorizes the committee to make rules and regulations, with the approval of the Secretary of the Treasury, with reference to passing upon such issues of securities. The House bill leaves the making of rules and regulations to the discretion of the committee. The conferees adopt the House provision.

The Senate bill provides that the issues of shares or securities heretofore made, only a part of which have been sold or disposed of prior to the passage of the bill, shall not be affected by the provisions of the bill. The House bill provides that any securities which upon the date of the passage of this act are in the possession or control of, or are in hypothecation by, the corporation, association, or obligor issuing the same shall be deemed to have been issued after the passage of this act. The conferees adopt the House provision, omitting the words "or are in hypothecation by."

The House bill provides that nothing in this bill shall be construed to authorize the committee to pass upon (1) any borrowing by any person, firm, corporation, or association in the ordinary course of business as distinguished from borrowing for capital purposes, (2) the sale or offering for sale or subscription of securities the issue of which the committee has determined to be necessary to the renewing or refunding of indebtedness existing at the time of the passage of this act, (3) the resale of any securities the sale or offering of which the committee has determined to be compatible with the national interest, (4) any securities issued by any railroad corporation the property of which may be in the possession and control of the President of the United States, or (5) any bonds issued by the War Finance Corporation. The provision is substantially the same as the provisions of the Senate bill, except that items (3) and (5) are not included in the Senate provision, and that the Senate bill in place of item (2) provided that the act should not apply to "borrowing to renew or refund indebtedness existing at the time of the approval of this act." The conferees adopt the House provision, amending item (2) so that nothing in the bill shall be construed to authorize the committee to pass upon "the renewing or refunding of indebtedness existing at the time of the passage of this act."

SECTION 204.—APPROPRIATION OF \$200,000 FOR THE ESTABLISHMENT AND MAINTENANCE OF THE COMMITTEE.

This section provides that there is appropriated out of any money in the Treasury not otherwise appropriated, for the remainder of the fiscal year ending June 30, 1918, and the fiscal year ending June 30, 1919, the sum of \$200,000 for the purpose of defraying the expenses of the establishment and maintenance of the committee, including the payment of the salaries and rents herein authorized. The Senate bill contains no similar provision. The conferees adopt the House section.

SECTION 205.—ANNUAL REPORT OF THE COMMITTEE.

This section provides that the committee shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures, and also including the names of officers and employees and the salary paid to each. The Senate bill contains no similar provision. The conferees adopt the House section.

SECTION 206.—TERMINATION OF THE WORK OF THE CAPITAL-ISSUES COMMITTEE.

This section of the House bill provides that the capital-issues committee title shall continue in effect until, but not after, the expiration of six months after the termination of the war, the date of such termination to be determined by a proclamation of the President of the United States, but that the President may at any time by proclamation declare that this title is



no longer necessary, and thereupon it shall cease to be in effect. The Senate bill contains no similar provision. The conferees adopt the House section.

#### TITLE III.—MISCELLANEOUS.

##### SECTION 300.—PENALTY FOR VIOLATIONS OF ACT NOT COVERED BY SECTION 18.

This section provides that whoever willfully violates any of the provisions of this act, except where a different penalty is provided in this act, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than \$10,000 or imprisoned for not more than five years, or both; and whoever knowingly participates in any such violation, except where a different penalty is provided in this act, shall be punished by a like fine or imprisonment, or both. The similar Senate penalty provision is substantially the same, except that the penalty provided in the Senate bill is a fine of not more than \$1,000 or imprisonment for not more than one year, or both, and except that the clause "except where a different penalty is provided in this act" does not appear in the Senate bill. The conferees adopt the House section, reducing the maximum term of imprisonment from five years to one year.

##### SECTION 301.—STAMP TAX TO APPLY TO PROMISSORY NOTES SECURED BY LIBERTY BONDS

This section provides that no stamp tax shall be required or imposed upon a promissory note secured by the pledge of bonds or obligations of the United States issued since April 24, 1917, or secured by the pledge of a promissory note which itself is secured by the pledge of such bonds or obligations: *Provided*, That in either case the par value of such bonds or obligations shall equal the amount of such note. The Senate bill does not contain a similar provision. The conferees adopt the House section.

##### SECTION 302.—THE SAVINGS CLAUSE.

The savings-clause provisions of the two bills are identical.

##### SECTION 303.—DEFINITION OF THE TERM "SECURITIES."

The definition of the term "securities" is the same in the two bills, except the House bill specifically provides that the term "securities" includes "shares of stock" and "debentures." The conferees adopt the House section.

##### SECTION 304.—RIGHT TO AMEND, ALTER, OR REPEAL ACT RESERVED.

This provision is exactly the same in the two bills.

##### SECTION 305.—SHORT TITLE OF THE ACT.

This section provides that the short title of the act shall be the "War Finance Corporation Act." The Senate bill does not contain a similar provision. The conferees adopt the House section.

##### SECTION 306.—REPEALING PROVISION.

This section provides that all provisions of any act or acts inconsistent with the provisions of this act are hereby repealed. The Senate bill does not contain a similar provision. The conferees adopt the House section.

#### TITLE.

The conferees amend the title to read as follows:

"An act to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes."

CLAUDE KITCHIN,  
HENRY T. RAINEY,  
LINCOLN DIXON,  
J. HAMPTON MOORE,  
WILLIAM R. GREEN,

*Managers on the part of the House.*

The SPEAKER. The gentleman from North Carolina is recognized.

Mr. WALSH. Mr. Speaker, I desire to make a point of order on the report.

The SPEAKER. The Chair will hear the gentleman.

Mr. WALSH. Mr. Speaker, in section 7 of the bill, and in section 7 of the bill as set forth in the House report, the conferees have stricken out the term "market value" as applied to securities which are required to be given in addition to the collateral securities, the market value of which is to be determined by the board of directors; and this market value, it was required in the bill, should be equal to a certain per cent of the amount advanced by the corporation.

The SPEAKER. What section is that?

Mr. WALSH. Section 7, page 9 of the bill, and also on page 23 of the bill.

Mr. GREEN of Iowa. I would state to the gentleman that the word "market" is taken out all through the bill before the word "value."

The SPEAKER. Section 7 does not come on page 9.

Mr. WALSH. Page 23. Is the Chair referring to the report? It is on page 3 of the report of the conferees. The part to which I am making the point of order is the last proviso, at the bottom of page 3:

*Provided*, That every such advance shall be secured in the manner described in the preceding part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a value, at the time of such advance (as estimated and determined by the board of directors of the Corporation), equal to at least 33 per cent of the amount advanced by the Corporation. The Corporation shall retain power to require additional security at any time.

The SPEAKER. What is the objection that the gentleman is urging?

Mr. WALSH. The objection that I urge is that the conferees have, by striking out the word "market" before "value," changed the value, which must be estimated by the board of directors. In other words, as the bill left the House these securities must have been of a market value equal to a certain per cent. Now, the conferees have stricken out the word "market," and they could estimate the face value or the book value or the nominal value as being the certain per cent as required by the act.

Now, I submit in support of the point of order that the value of these securities in the legislation was to be the market value. That has a certain fixed and definite meaning. The conferees had no authority to change the character of the value or the requirements as attached to the value, notwithstanding the fact that the value was to be estimated by the board of directors.

Now, the words "market value" were included in the measure as reported and adopted by the House. The term "market value" was included in the measure as it came to the House from another body, so that this particular value, which was to be estimated, which was to be applied to these securities, was not in dispute. There was no question whatever about the value, and by striking out the term "market," as the conferees did in this respect and as they also did in section 8, and, I think, in one or possibly two other portions of the bill, they have widened or broadened the discretion of this board of directors so that they could estimate the face value of these securities to be 33 per cent of the amount advanced by the Corporation, or they could estimate simply the book value, or it might be some fanciful value, to be 33 per cent of the amount advanced by the Corporation, whereas the House, by adopting the language which was in the measure confined the value to be estimated by the board of directors to the market value, which has a plain acceptance in commercial and legal usage.

I submit that the conferees were not authorized to change that value by striking out the term "market" before the word "value" and throwing this estimate of value open to an interpretation which might not require the same value or the same worth of securities, as would be required if they were compelled to estimate the market value.

Mr. KITCHIN. Mr. Speaker, I really think there is very little merit in the proposition propounded by the gentleman.

The SPEAKER. The Chair wants to ask a question. This is a Senate bill?

Mr. KITCHIN. Yes. I was going to make that point.

The SPEAKER. The Chair was going to inquire further. It is a Senate bill passed by the House. The question is, Were these changes that the gentleman complains of made in the conference committee after the House and Senate had agreed upon certain language?

Mr. KITCHIN. Yes; but I was going to answer that the merit of the proposition suggested by the gentleman has nothing to do with it, because as the bill passed the House, where the term "market value" was used, the parentheses shows that it did not mean the market value, but such value as the board of directors estimated. It says "as estimated and determined by the board of directors of the Corporation."

The SPEAKER. Where is that?

Mr. KITCHIN. On page 7.

Mr. WALSH. Page 23 of the bill. Will the gentleman yield for a question?

Mr. KITCHIN. Yes.

Mr. WALSH. The gentleman would not pretend to say that to provide that the board of directors should estimate the market value of a security would be equivalent to saying that they should estimate the value of a security?

Mr. KITCHIN. If there is a market value, there is no estimation whatever by the board. There is no estimation. But the very fact that we said it was to be estimated by them showed

that it was not market value in the sense in which the gentleman refers to it.

Mr. WALSH. It might be a character of security, as I think the gentleman pointed out in the discussion of this measure in the House. It might be a character of security that would not be quoted in the market, upon which there would be no quotation in the stock list, as published in the commercial publications, as to which it might be necessary for somebody to estimate its market value; that it might not have the well-known market value in commercial circles, but it might be necessary for somebody to estimate what its market value was, and I think the gentleman will recall that he cited such instances as that in discussing this measure on the floor in the Committee of the Whole.

Mr. KITCHIN. I cited this: I made the motion to put in "if no market value, then the actual value." I said to the House there was no use in doing that, because the words in parentheses would allow them to do that anyway. It would not be confined to the market value.

But, Mr. Speaker, regardless of whether the distinction is proper or not, under rulings of the Chair that have been unbroken for years, this is clearly not subject to a point of order. This is a Senate bill. It came over here, and the House wrote a new bill, by striking out all after the enacting clause and putting its new bill in one amendment, which is substituted for the Senate bill, and the rulings of Speakers have been unbroken for 20 years or more, that when you strike out all after the enacting clause of the bill, or when you strike out all of a section of a bill and insert a new one, the whole subject matter is in conference. The conferees can write a new bill or a new section, and under the rulings of the Chair and the rules of the House, the conferees could have stricken out the "market value" and that whole section, and their action would not have been subject to a point of order.

Mr. WALSH. Mr. Speaker, I desire to take issue with the contention just made by the gentleman from North Carolina. I understand that under the precedents, when a measure comes to this body and a motion is made to strike out all after the enacting clause and insert a new measure, the conferees have in general broad discretion, and the present Speaker has made such a ruling. But when a measure comes to this House from the other branch, and a motion is made to strike out all after the enacting clause and insert a new measure, and when that new bill contains language which is identical with the bill as it first came here, and that language is retained, and then the bill goes to conference, it is not within the province of the conferees, when neither House has disagreed to the particular language or to the identical language, to get into a dispute about that language, because both Houses have agreed upon the language and there is no disagreement concerning it. If the gentleman's contention was correct, the conferees, under the conditions he has stated, could strike out the language of both these measures and bring in a bond bill.

Mr. KITCHIN. They certainly could, and the Chair has held, a dozen times or more, that they could do that, that they could strike out, and write an entirely new bill on the same subject matter. So long as the measure which they reported related to the War Finance Corporation, they could have created it differently; they could have appointed different officers, who had different powers, just so it referred to the subject matter and was within the scope of the subject matter. The Chair has held that a dozen times. Has the gentleman any precedent there to the contrary?

Mr. WALSH. I should like to cite one precedent in Volume V of Hinds' Precedents, section 6421, where the Speaker said:

The Chair understands that the Senate adopted a substitute for the House bill. If the two Houses had agreed upon any particular language, or any part of a section, the committee of conference could not change that; but the Senate having stricken out the bill of the House and inserted another one, the committee of conference have the right to strike out that and report a substitute in its stead.

Mr. KITCHIN. Surely.

Mr. WALSH. The Speaker further said:

Two separate bills have been referred to the committee, and they can take either one of them, or a new bill entirely, or a bill embracing parts of either.

Mr. KITCHIN. That is the authority I cite.

Mr. WALSH. That is the authority the gentleman is relying on.

Mr. KITCHIN. I am relying on all of them.

The SPEAKER. What Speaker rendered that decision?

Mr. WALSH. Speaker CANNON.

Mr. KITCHIN. Speaker Henderson held that, and Speaker CANNON held that, and the present Speaker has held that, as to the tariff bill; and in the amendment to the Federal reserve act that very point came up in a case just like this.

Mr. WALSH. That is the authority I rely upon, that the Senate and the House having agreed upon identical language, the conferees are not empowered to take any action with reference to language which is not in dispute. The sole purpose of sending a bill to conference is to adjust differences, to compromise differences between the two Houses. Now, when the House struck out all after the enacting clause and inserted the bill which was sent to conference, it adopted the very language that the Senate had put into the measure, providing that the market value of these securities should be estimated. I submit that it would not be within the province of the conferees to change that "market value" by saying "face value," nor would it be within the province of the conferees to eliminate that provision entirely, because there was no dispute about that. There was no controversy over it, and the matter was not referred to the conferees to adjust any differences between the two branches with reference to that, but only to adjust differences between the two measures where they clashed, as it were, where it was necessary for some compromise to be reached, or for some of the provisions to be adjusted, so as to meet the views of the two branches, and harmonize the different opinions that might exist between the two bodies. I submit that it is going far afield, when a measure comes to the House, and the expedient is adopted of striking out all after the enacting clause and inserting another measure which may differ in some of its provisions, to say that you can write an entirely new measure. It would be different if the House had written a bill which differed in every word or every line or every paragraph from that of the Senate, but where there were certain portions of it which agreed and where the language of it was identical, and where the House used the same phraseology, I submit that even under the authority which I have cited and the long line of precedents which have followed, and under the broad, general language which the Speaker has used, the action of the conferees in this case is subject to the point of order.

Mr. SNYDER. If the gentleman will yield, I should like to make a suggestion. If this argument is predicated upon the value of corporate shares, I should like to say that the Government of the United States, through the Internal-Revenue Department, has practically fixed the amount at which corporate shares shall be estimated. I have fixed the ratio on corporate stock, as anyone here who owns any well knows.

Mr. WALSH. The gentleman knows that the Internal-Revenue Department has nothing to do with this estimate.

Mr. SNYDER. I thought the gentleman's argument was based on somebody having the right to estimate the value of corporate shares.

Mr. WALSH. Yes; and they do not have to do what the Internal-Revenue Department prescribes.

Mr. SNYDER. But they do.

Mr. WALSH. The gentleman is not familiar with the provisions of the bill; it has no relation to what he is speaking of.

Mr. SNYDER. The Internal-Revenue Department has ruled that corporation shares that earn 10 per cent shall be valued at par.

Mr. WALSH. The gentleman knows that this has nothing to do with taxation.

Mr. SNYDER. I did not know that.

Mr. WALSH. It has not.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. WALSH. Yes.

Mr. MOORE of Pennsylvania. Is the gentleman from Massachusetts familiar with the decision rendered by the present Speaker in the Sixty-second Congress, in which he held—

Mr. WALSH. I was about to refer to it when interrupted by the gentleman from New York.

Mr. MOORE of Pennsylvania. In which he held that where everything was stricken out after the enacting clause an entirely new bill might be written?

Mr. WALSH. Yes; and he states that the conferees have the whole subject before them, but that does not go to the extent of saying that the conferees have any authority to inject new matter not in dispute. They have the whole subject before them and can adjust the differences which have arisen and which exist by virtue of the two separate bills.

The SPEAKER. The Chair is ready to rule. The point of order is overruled.

Mr. KITCHIN. Mr. Speaker—

The SPEAKER. The Chair would like to ask the gentleman from North Carolina how much time he thinks this will occupy.

Mr. KITCHIN. I do not think it will take 10 minutes. The statement on the part of the House conferees covers every single point of difference and every single change in the bill as it was passed by the House. Gentlemen must observe that there have been very few changes made in conference.



Mr. TOWNER. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. TOWNER. Mr. Speaker, I think it must be evident to the House that the House is under deep obligation to the committee of conference. No conference committee of the House during my experience has secured as many confirmations of its own judgment as the conferees in this case have done. In every case, too, I think, where there has been a disagreement the action of the conferees has secured concurrence in the language used by the House as against the language used in the Senate, and it has been clearly the correct one, so that the bill that was finally reported is more nearly the bill of the House than any important bill that ever went to conference within my knowledge.

Mr. KITCHIN. I thank the gentleman on behalf of the managers on the part of the House.

Mr. LONGWORTH. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. LONGWORTH. May I ask the gentleman the meaning of the language in section 8—

Mr. KITCHIN. With reference to the interest required of savings banks? That was an amendment that we suggested. We required the savings banks to pay a differential of not less than 1 per cent in excess of the prevailing rate of interest on commercial paper to the Federal reserve bank in the district where the savings bank is located. In some cases, in looking over the rate charged, we found that it was really larger than the rate that the savings banks were getting from their customers, and in some cases smaller. We did not wish to impose a burden on the savings banks, and therefore we qualified the 1 per cent differential in this way.

It declares that if the rate charged by the savings bank to its customers prevailing for six months before the advance is made was less than the prevailing rate at the Federal Reserve Bank plus the 1 per cent, then the rate charged by the corporation to the savings bank should not exceed the average rate that the bank had been receiving for six months previous to the advance. Otherwise no savings bank could be helped at all. We did not want the corporation to charge the savings bank a larger rate of interest than the savings bank was getting, and, on the other hand, we did not want the savings bank to make any profit out of the corporation.

Mr. LONGWORTH. That was the adjustment between the one-half per cent proposed by the Senate and the 1 per cent by the House.

Mr. KITCHIN. Yes. The House insisted on 1 per cent and the Senate on one-half of 1 per cent. We compromised so that the savings banks would not pay any more interest to the corporation than is received from its loans. If the bank received on its loans 6 per cent and the prevailing rate was 5, then it must pay 5 plus 1, or 6 per cent; and if it got from its loans 5 per cent and the prevailing rate was 5 per cent, then the corporation can not charge the savings bank but 5 per cent. If the prevailing rate was 4½ per cent in the Federal bank and the savings bank was only receiving 5 per cent the corporation would still charge only 5 per cent.

Mr. MADDEN. This is an adjustment of the differential as proposed by the Senate and the House.

Mr. KITCHIN. Yes.

Mr. GREEN of Iowa. I think, speaking of the merits of the change from market value to value, I can say that that was the point upon which the conferees were absolutely unanimous on both sides.

Mr. KITCHIN. Yes; I think one of the House conferees moved to strike out the word "market" because it was confusing.

Mr. GREEN of Iowa. Yes; it was confusing. In the legal sense there is no difference between the value and market value. Where there is a market value it is the value, and so construed by the courts. One of the definitions of value given in the dictionary is "market value." We thought if it stood as it was originally it was simply confusing and would give rise to some difference of opinion, where there might be contention, because there was no definite market value, and therefore the conferees were unanimous in striking out the word "market."

Mr. McFADDEN. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. McFADDEN. I want to ask the gentleman a question in regard to the language in section 9 of the statement of the conferees, page 16, where the House conferees say:

The conferees adopt the House provision, changing 133 per cent to 125 per cent and providing that advances to railroads under Federal control for the purpose of making additions, betterments, or road extensions shall be secured by security deemed adequate by the directors of the corporation.

I want to ask the gentleman why he separates railroads from the other industries which are to be benefited under the provisions of this bill?

Mr. KITCHIN. I am going to answer the gentleman in the general statement I am about to make to the House. There are only three material changes made in the House bill by the conferees. There are some minor changes, but they are not material. The first change that is material is with respect to the power of the corporation to issue its bonds and the limit of the amount. The Senate bill gave the corporation the power to issue \$4,000,000,000 of bonds. The House bill cuts that down to \$2,000,000,000 and the conferees agreed on \$3,000,000,000. That is one of the material changes. The other material changes are in section 9, known as the direct-loan section. That was the big bone of contention, and we wrangled over it for three or four days. We finally came to the compromise settlement which appears in the report and the statement. The differences between the House bill and the conference agreement are, first, the House bill provided that under that direct-loan provision the corporation could not make advances in an amount in excess of 16½ per cent of the paid-in capital stock and bonds authorized to be issued and outstanding at the time of the advance. This would make a total amount which the corporation could advance under that direct-loan provision, when the total capital of \$500,000,000 is paid in and the \$2,000,000,000 had been issued, of \$416,666,666.

Under this provision, through the conferees raising the limit of the amount of issue from \$2,000,000,000 to \$3,000,000,000, we cut down the per cent that could be loaned under this section 9 to 12½ per cent, which will give the corporation, on the basis of the total amount of capital stock authorized—\$500,000,000—and the amount of the bonds authorized to be issued—\$3,000,000,000—a direct loan advancing power of \$437,500,000, so that in the grand total, after everything is issued and the money paid in there is a difference between the original House bill of \$416,000,000 and the conference report of \$437,000,000—not enough for us to wrangle all the year about. Under the bill as it was originally submitted to the Committee on Ways and Means, it provided that the advance made under this section should be secured by adequate security, and under the bill as it passed the House it required a security equal to 133 per cent of the advance, as additional security, and in the conference report that is reduced to 125 per cent, but we excepted railroads from that limitation. In the House bill the railroads were not excepted from any of the limitations of the bill, or any of the limitations in section 9.

Mr. MOORE of Pennsylvania. That is, only such as are under the control of the President?

Mr. KITCHIN. Yes.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. MADDEN. So that you increased the aggregate amount that could be obtained by a corporation and reduced the value of the security that it would have to supply for the loan?

Mr. KITCHIN. Only 5 per cent.

Mr. MADDEN. Eight per cent.

Mr. KITCHIN. Yes. The bill as it was originally sent to the House and as it passed the Senate required only additional security to the extent of adequate security. The Ways and Means Committee required that it must be not less than 133 per cent of the advance and the House adopted that provision.

The Senate bill required no additional security over adequate security, and out of the contest we agreed that instead of having an adequate security unlimited it should be 125 per cent, instead of 133 per cent, and in the case of railroads under the control of the President that they should be excepted from the limitations only, however, to the extent of the advance which should be made for betterments, additions, and extensions. In other words, they could not lend any of that money for refunding, which was what we thought the original scheme was.

Mr. LONGWORTH. Not to finance the road at all.

Mr. KITCHIN. Personally I think it is a better protection to the corporation and to the Government to have that exception made to the railroad, limiting the advance to betterments, additions, and extensions, than it would have been to have it open, as we had it where it could be used for refunding purposes.

Mr. McFADDEN. Might that not also mean that if, in the judgment of the directors, they see fit to take a plain railroad note, without collateral, that that might be considered "adequate security"?

Mr. KITCHIN. The gentleman must understand that the Senate bill and the original bill used only the words "adequate security," and that we changed it to require additional security equal to 133 per cent of the advance. As to advances made to railroads in the hands of the President for betterments, exten-

sions, and additions, we accept the Senate proposition that it should be only adequate security.

Mr. McFADDEN. I was asking for information, not criticizing. I want to know whether advances could be made to railroad companies on their plain note, face value, without other security?

Mr. KITCHIN. Yes; just as they could have done under the original bill sent to the Committee on Ways and Means and under the Senate bill, if the directors under their oaths and in their business judgment should decide that the plain note of a railroad company for advances for betterments, extensions, and additions is adequate security.

Mr. JOHNSON of Washington. The real security being the fact that the physical property of the railroads is in the hands of the Government.

Mr. KITCHIN. Yes.

Mr. JOHNSON of Washington. And likely to stay there long after this war is over?

Mr. KITCHIN. When the matter was submitted to the conferees the suggestion was made that the Government, having control of these railroads and getting the benefits of additions and extensions to operate the railroads and carry out the purposes of the railroad act to help in the prosecution of the war, either had to advance the money and put up these additions and betterments itself, or, if it could do it, make the railroad corporations advance the money.

So we said, "Here we will permit the corporation to help do that, because the Government is perfectly safe on every dollar of that money, because it has the railroads in its hands, and no one gets the railroads back until every dollar due the Finance Corporation is paid and we have absolute protection." That is the reason we were willing to make the exception, and I am frank to tell members of the committee that the House conferees made this proposition of compromise on this ground, because we recognized the Government had to have these betterments if it was going to operate the railroads in the interest of the prosecution of the war and the general public, and whether the Government or the Finance Corporation furnished it neither could lose a dollar, because these roads on which the betterments, additions, and extensions were going to be used will remain in the hands of the Government until they make good these advances.

Mr. McFADDEN. Will the gentleman yield for another question?

Mr. KITCHIN. I will.

Mr. McFADDEN. I have in mind the public utilities and also the fact that the Government is taking over some of these public utilities as war necessities. Now, does not the gentleman think that inasmuch as the Government has taken over some of these utilities already that they should be given the same rights or benefits as regards advances as are given the railroads under this section.

Mr. KITCHIN. Well, that might have been a question that could have been discussed, but we did not discuss that particular phase of it; but I will say we ought not to put in a general proposition on public utilities, according to the gentleman's suggestion, just because maybe one or two or three are in the control of the Government; but if the Government has taken over any public utilities—I do not know that they have any except war industries—why, there is a law now permitting the Secretary of War and the Secretary of the Navy to advance 30 per cent before they do anything on a contract, and pay as the contract progresses, so they can get all the money they need in that way.

Mr. McFADDEN. I understood these advances were to be assumed by the War Finance Corporation when fully organized.

Mr. KITCHIN. The gentleman, no doubt, got that impression because of a suggestion by some officer of the Treasury Department that the 30 per cent advance provision should be repealed and let the Finance Corporation handle it; but the committee, after thinking about it, thought it wise to let that provision remain.

Mr. McFADDEN. One further question. Does the gentleman feel that there is adequate provision here for relief to those public utility companies which are necessary and vital to the war?

Mr. KITCHIN. The public-utility corporation companies are run on the same basis that every other industry necessary or contributory to the prosecution of the war is run. There is but one industry that is mentioned specifically and that is the railroads in possession of the Government under control of the President.

Mr. McFADDEN. I think public utilities are a little different because they are regulated by public-service commissions of the various States in regard to the issuance of securities.

Mr. KITCHIN. Public utilities under this act are eligible to apply for the loans provided they convince the War Corporation or the banks that their operations are necessary or contributory to the prosecution of the war.

Mr. McFADDEN. But they must first before issuing securities get the approval of the public-service commissions of the various States, making oath that all the money they are applying for has been honestly expended. Where are they going to get the 25 per cent margin when they come to the War Finance Corporation for a loan? The public-service commission will not permit them to issue a 25 per cent margin of securities.

Mr. KITCHIN. I do not know where, but I will tell the gentleman this: No public utility ought to have any Government funds or War Finance Corporation funds if they come and want to borrow \$75,000 and are not willing to put up \$100,000 of property, giving a mortgage on their plant. I know the gentleman is a banker. If I went to him and asked him for a \$100,000 loan and told him I had \$125,000 of property behind it, I know he would not feel it was safe or wise or good banking or good business to let me have \$100,000 on \$125,000 worth of property, and yet the war utilities of which the gentleman speaks—

Mr. McFADDEN. I am speaking of war necessities.

Mr. KITCHIN. They only have to put up a mortgage of \$125,000 on their plant to get \$100,000.

Mr. McFADDEN. I am speaking of war necessities, and call the gentleman's attention to the testimony before the committee of the Secretary of the Treasury and Mr. Warburg, in which they stated positively that there might be instances where the demands of the Government were such that they should have to advance beyond a safe zone—in other words, advance beyond the actual value of the property to obtain quick results in production of war materials greatly needed by the Government to win the war—and that same thing might apply to public utilities which are necessary to win the war in furnishing power, transportation, and so forth.

Mr. KITCHIN. I know; but the committee after due deliberation and much investigation concluded otherwise.

Mr. LONGWORTH. Will the gentleman yield?

Mr. KITCHIN. I will yield.

Mr. LONGWORTH. There is no possible question but railroads are included in the 12½ per cent limitation in section 9.

Mr. KITCHIN. Not a bit.

Mr. LONGWORTH. But in section 10 they are not included—

Mr. KITCHIN. I am coming to that. That is the third material difference, or rather the third material change that the conferees agreed on in the House bill. Section 10 provides that no one person, firm, corporation, or association shall receive from the War Finance Corporation a loan amounting to more than 10 per cent of the capital stock of the War Finance Corporation. That is, no one concern could ever be advanced more than \$50,000,000, because \$500,000,000 is the capital stock of the War Finance Corporation. This section does not apply to railroads under the control of the President for advances for betterment, additions, and extensions.

The railroads may want more than \$50,000,000 and the War Finance Corporation could loan them from this direct fund, which is limited to \$437,500,000, more than \$50,000,000.

Now, gentleman, I think I have covered the only material changes. There have been many small changes which I shall not mention unless some gentleman may wish to consider them, and I will be glad to answer any question in respect to them. I do feel, however, that I ought to mention one, because our good faith seemed to be a little questioned by the gentleman from Wyoming [Mr. MONDELL] in a genial way, however, with respect to the requirement that there should be members of a different political party on the board of directors of the War Finance Corporation and on the Capital Issues Committee. We agreed with the Senate conferees to strike that requirement out. I will say that of the party of the gentleman from Wyoming, we had on the conference committee, I think, as strong a man as we have in the United States Senate, and, unanimously, as I say, after two days—the House conferees holding out two days on that—we yielded by the unanimous insistence and urging of the Senate conferees, including members of both parties. They took this position, that this was a nonpartisan, nonpolitical bill in every way; that it had no partisanship in it, not a tinge of it, and they felt that if we injected partisanship in it by putting a provision in it, it would look like it was a partisan proposition, and therefore it ought to stay out, and not inject any politics in it.

Mr. MOORE of Pennsylvania. I think it is fair to say that the minority conferees on the House side, respecting the apparent



wishes of their colleagues here, did undertake to retain that paragraph in the bill.

Mr. KITCHIN. All the conferees, not only the minority members on the part of the House, but all the conferees stood out for two days and insisted.

Mr. MOORE of Pennsylvania. And it was due to the argument that this is an extraordinary measure, a war measure of first importance, and that it might embarrass the President in the prosecution of the business to be conducted under this measure, that after generous discussion the conferees finally agreed.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on this bill.

The SPEAKER. The gentleman from Washington [Mr. JOHNSON] asks unanimous consent to extend his remarks in the Record on this bill. Is there objection?

There was no objection.

#### DAY OF FASTING AND PRAYER.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent for the present consideration of the concurrent resolution, which was sent over by the Senate and which was passed there unanimously.

The SPEAKER. The gentleman from North Carolina asks unanimous consent for the present consideration of the resolution, which the Clerk will report.

The Clerk read as follows:

#### Senate concurrent resolution 19.

*Resolved, etc., That, it being a duty peculiarly incumbent in a time of war humbly and devoutly to acknowledge our dependence on Almighty God and to implore His aid and protection, the President of the United States be, and he is hereby, respectfully requested to recommend a day of public humiliation, prayer, and fasting, to be observed by the people of the United States with religious solemnity and the offering of fervent supplications to Almighty God for the safety and welfare of our cause, His blessing on our arms, and a speedy restoration of an honorable and lasting peace to the nations of the earth.*

The SPEAKER. Is there objection to the present consideration of the resolution? [After a pause.] The Chair hears none.

The question is on agreeing to the resolution.

The resolution was agreed to.

#### HOUSING FOR WAR NEEDS.

Mr. CLARK of Florida. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10265.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10265, with Mr. KELLY of Pennsylvania in the chair.

The CHAIRMAN. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 10265) to authorize the Secretary of Labor to provide housing, local transportation, and other community facilities for war needs.

The CHAIRMAN. The first section has been concluded, and the Clerk will read the next section.

The Clerk read as follows:

SEC. 3. That upon the requisition of or the filing of a petition for the condemnation hereunder of such land, or any right, title, or interest therein, or such houses, buildings, furnishings, improvements, local transportation, and other community facilities, and parts thereof, immediate possession thereof may be taken to the extent of the interest to be acquired and the same may be occupied and used, and the provisions of section 355 of the Revised Statutes, providing that no public money shall be expended upon such land until the written opinion of the Attorney General shall be had in favor of the validity of the title, nor until the consent of the legislature of the State in which the land is located has been given, shall be, and the same are hereby, suspended as to all real estate acquired hereunder.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

It was my misfortune not to hear the chairman's explanation of this bill, and much of the discussion also escaped me, because of my attendance upon other duties. But it is evident that the wide scope of authority conferred by this bill upon one officer of the Government may lead to discussion. I trust it will not lead to scandal. Whether the hearings revealed the points at which portions of this large sum of \$50,000,000 are to be spent, I do not know. I have heard some gentlemen contend that it is not wise to construct these houses along the Atlantic seaboard, because of the congestion that already prevails there.

It has been stated and argued by some gentlemen that the distribution of this fund should go so far west, even, as the

Rocky Mountains. Now, it may be that there ought to be some such distribution. It may be that in the exercise of his wisdom and judgment the Secretary of Labor may see fit to build a large number of houses around about a coal mine somewhere in Colorado on the ground that that is a war emergency, and that those houses ought to be constructed for the benefit of workmen who may have no roof over their heads. It may be that his discretion would be properly exercised in that respect, and that he would have a right under this bill to so allot the money, but it does seem to me that there ought to be some provision written in the law which would limit his powers in that regard, at least, so that Congress might know where this money was going.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. MOORE of Pennsylvania. I yield to the gentleman from Washington.

Mr. JOHNSON of Washington. When the gentleman says that he hears an intimation that some of this might be spent as far west as the Rocky Mountains, he does not mean to infer that the Pacific seaboard is not doing something in the way of war activity?

Mr. MOORE of Pennsylvania. Well, observing the activity of my friend from Washington, I would say that if this sum starts from the East westward, it will not be likely to stop until some of it is located in the State of Washington, and I have no objection to that.

Mr. JOHNSON of Washington. I will ask the gentleman if he does not think that opens up a very serious question, whether we are not rolling a pork barrel right in now, composed of a 60 per cent necessity as a war measure, and, say, 20 per cent as high-minded betterments, and a little graft?

Mr. MOORE of Pennsylvania. It may be. I said I hoped this bill will not result in scandal, but it may be that influence will be brought to bear on the Secretary of Labor that will induce him to spend a large portion of this money in places where, in the judgment of Congress, it should not be expended. It may be that in consequence of the activities of our profit-making citizens large organizations may be started involving vast expenditures.

Mr. JOHNSON of Washington. Well, I want it understood that I am not criticizing the Secretary of Labor or anyone else in prospect of what may happen, but is it not fair to assume that if the gentleman from Pennsylvania [Mr. MOORE] in his district has lots of influence, and if I in my district am supposed to have some influence, it stands to reason that the gentleman is expected to pull and haul and I am expected to pull and haul and intervene to secure housing—good, permanent housing, mind you—in each of our districts for thousands of employees engaged in manufacture of war supplies in each of our districts?

Mr. CAMPBELL of Kansas. Mr. Chairman, will the gentleman yield there?

Mr. JOHNSON of Washington. Yes.

Mr. CAMPBELL of Kansas. I want to say that both of these gentlemen have been taken care of already out of the \$50,000,000 appropriated for the Shipping Board, and they need have no concern about what will be done under this \$50,000,000.

Mr. MOORE of Pennsylvania. If I were to be influenced by the speeches of the gentleman from Kansas, I might assume that the whole of that \$50,000,000 appropriated for the housing of shipping employees had been spent at Hog Island.

Mr. CAMPBELL of Kansas. The gentleman surely does not want this amount expended there?

Mr. MOORE of Pennsylvania. No; that is not the fact.

Mr. JOHNSON of Washington. And I am not talking of shipyard housing. I know something, however, of the demand that came up under that authorization, limited, of course, to seaports. I do not object to the main propositions in this bill. I know that the prompt housing of employees is necessary. I do object to hitching the District of Columbia home plan onto this bill. This bill is for workers on war material; the amendment is for clerks here in Washington.

Now, I have read in the hearings that responsible men doubt whether they can spend or appropriate this sum in this fiscal year. I presume that means between now and the beginning of July. I read also that this sum is a very small proportion of what is to be needed under the ambitious plans which are developing—loans for houses and the like. One thing more. I have heard the arguments here of the gentleman from Illinois [Mr. MADDEN] and others as to the desirability of not congesting so much of this war work in certain centers. Great activities are going on in my district in regard to shipbuilding and the housing of the workers. This bill is, of course, outside of the shipbuilding program; but, right in line with what the

gentleman from Illinois said yesterday, let me read this telegram that I received to-day:

SOUTH BEND, WASH., April 1, 1918.

HON. ALBERT JOHNSON,  
House of Representatives, Washington, D. C.:

We earnestly protest against installing the machinery at Seattle in the Sanderson & Porter vessels being built at Raymond. Contractor had made all arrangements for installing plant here to do the work. Have best of facilities, including wharfage, ample water front, and buildings for machine shops located on deep water and on Milwaukee and Northern Pacific Railroads. Labor and housing can be provided. We feel that it is an injustice to the citizens of this county to be deprived of such industries when the work can be done here and as rapidly as in any other locality. We feel we should not be deprived from installing the machinery in the boats built on this harbor. We urge the Shipping Board to investigate our facilities and to permit the work to be done here if it is found same can be done here promptly and without delay.

L. L. DARLING, President,  
J. H. HENDERSON, Secretary,  
South Bend Commercial Club.

I have no doubt but that the Shipping Board will make a proper recommendation when that telegram reaches it. These smaller harbors have produced and delivered wooden ships. They have machine shops, hoisting devices, boiler works, and all those necessary things, in a smaller way than the big cities have them, and they have not got this housing congestion. The people of these small communities, in their anxiety to see the war activities go on, are housing their workmen in their own homes and in public buildings and halls, and if this bill goes through they are likely to cease doing that and to ask that Uncle Sam do it, and Uncle Sam can not do it all.

Mr. CLARK of Florida. The gentleman from Washington refers to Seattle?

Mr. JOHNSON of Washington. Yes; as the place these ships are to be taken for installation of machinery.

Mr. CLARK of Florida. The hearings show that Mr. Eidlitz, the gentleman who has investigated these different settlements, says:

We are investigating the Puget Sound now for the Navy, and Mare Island. Seattle is complaining bitterly, and of course we will have to give attention to it.

Mr. JOHNSON of Washington. Yes. That is what I say. Here is machinery to be installed in wooden ships, and I think 70 wooden ships are being built in and about my district, and the hulls are proposed to be yanked to Seattle to put the machinery in.

Mr. COX. Mr. Chairman, will the gentleman yield there?

Mr. JOHNSON of Washington. Yes.

Mr. COX. Why not put the machinery in where the hulls are built? How far is it to that place?

Mr. JOHNSON of Washington. By water, probably 460 miles.

Mr. COX. What excuse do they give?

Mr. JOHNSON of Washington. None, except, perhaps, that the big machinery and the Northwestern headquarters of the Shipping Board are in the larger cities. I think the Shipping Board here will correct the situation.

Mr. COX. That is a funny way to do business.

Mr. JOHNSON of Washington. I am not opposing this bill, but I am offering a mild protest as to parts of it. I wish the amount could be reduced one-half and the amount to the District of Columbia reduced one-half, so that we could find out what we can do. Some people are already having an agitation set on foot to the effect that when the Government housing bill goes in operation here in the District that all the money shall not be spent in the northwest section, but some in the southeast and in the southwest and the northeast, and that these citizens should be given a chance to come into their own. That is only natural and is in line with demands that will come from everywhere.

Mr. BARNHART. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. BARNHART. I know that the gentleman wants to be fair.

Mr. JOHNSON of Washington. I do.

Mr. BARNHART. If the gentleman had been here last evening, he would have seen that the last thing we did was to adopt an amendment offered by the gentleman from Kentucky [Mr. SHERLEY], the chairman of the Committee on Appropriations, to the effect that nothing should be done in the housing of Government employees in the District of Columbia except upon detailed estimates and appropriations for such purpose.

Mr. JOHNSON of Washington. I was here. That amendment applies to the District of Columbia only.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JOHNSON of Washington. I ask unanimous consent for five minutes more. I have taken no time in this debate—

Mr. CLARK of Florida. Reserving the right to object, I want to state that I am perfectly willing to have all the time necessary to debate this bill, but I respectfully submit that the mat-

ter of moving boilers from one place to another to put into ships has nothing to do with it.

Mr. JOHNSON of Washington. It has got to do with the principle and with some of the congestion.

Mr. CLARK of Florida. And I am going to insist from now on that the argument be confined to the amendment offered. If the gentleman does not like the bill, let him offer an amendment to make it better, and then argue it, and we will pass on that.

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. CLARK of Florida. I do not object, but I am going to object after this.

The CHAIRMAN. The Chair hears no objection.

Mr. JOHNSON of Washington. I am quite serious about this. On the North Pacific many war orders have been placed; on the Atlantic coast many more, of course. Other communities have not received so many. If houses are to be built, all will demand good houses. Workingmen themselves will object to good, permanent houses in one place and bad, temporary houses in another. A man with half an eye can see what is going to happen. The District of Columbia is getting ready for it now.

Mr. CLARK of Florida. Will the gentleman permit a question?

Mr. JOHNSON of Washington. Yes.

Mr. CLARK of Florida. If the gentleman knows of any contemplated wrong, why does he not offer an amendment to prevent it?

Mr. JOHNSON of Washington. I will let that contemplated wrong in the District be remedied by the very distinguished gentleman of my name, the gentleman from Kentucky [Mr. JOHNSON]. This thing will make him work harder. I would not object to this bill at all if it were confined to a great war emergency housing plan, but I am inclined to believe—

Mr. CLARK of Florida. Then the gentleman is opposed to the whole bill?

Mr. JOHNSON of Washington. Oh, no; I am not; but I am trying to call attention to the fact that this bill contemplates permanent homes, loans for building, possibly for bungalows and cottages, and that many people in the District of Columbia believe that they are going to have actual houses built for them to relieve a situation where men renting houses for homes are told that they must either move out or buy the houses. These people think that this bill, in addition to being an absolute war emergency measure to take care of laboring men sent in great numbers to these other communities, has had hooked on to it a plan to relieve the situation in the District of Columbia and to give people a chance to hope they can secure actual ownership of homes, purchased from the Government, in the course of time, possibly on the installment plan. The two plans do not fit very well, and will make much confusion, I feel sure.

Mr. BARNHART. I have no doubt the gentleman wants to be fair.

Mr. JOHNSON of Washington. I try to be; yes.

Mr. BARNHART. The bill specifically provides that where vacant houses are found, or where there are houses that are not fully occupied, the Secretary of Labor may requisition them for housing purposes.

Mr. JOHNSON of Washington. I think the Government can requisition them now, without this act. It provides also that the Secretary of Labor may take over street car lines and certain other municipal utilities, whatever is meant by that.

Mr. BARNHART. There is no provision for the Government taking over housing propositions now.

Mr. JOHNSON of Washington. The Government has commandeered houses and other buildings.

Mr. BARNHART. For offices, yes; but not for housing purposes.

Mr. JOHNSON of Washington. They have taken buildings for barracks, have they not?

Mr. BARNHART. I do not know.

Mr. JOHNSON of Washington. Now, what do the words "municipal utilities" mean under the broad powers granted in this bill? Do they mean to build sewers, or to build community houses and forums, where there shall be lectures for the workmen, the clerks, and the people as an urgent war necessity? Does it mean telephone lines; does it mean to take over the street car lines in the District of Columbia? It says that, and the only check is in the amendment offered yesterday by the gentleman from Kentucky [Mr. SHERLEY]. I am satisfied the committee will find—

Mr. BURNETT. Will the gentleman yield for a question?

Mr. JOHNSON of Washington. Yes.

Mr. BURNETT. The gentleman spoke of the magnanimous conduct of his people out there in furnishing houses for these workmen. Do they do that free? Do they not get rent?



Mr. JOHNSON of Washington. In my home town the large rooms in the city hall have been made into bedrooms for the men doing war work. Either the contractors did it or the city government did it.

Mr. BURNETT. I venture the assertion that they got paid for it.

Mr. JOHNSON of Washington. I hope they did. But I hate to see the opportunity for all war-working communities to come forward and say, "Let Uncle Sam do it."

Mr. BURNETT. I never saw one of them yet that failed to charge people enough.

The CHAIRMAN. The time of the gentleman has expired. The pro forma amendment is withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 5. That the power and authority granted herein shall cease with the termination of the present war, except the power and authority to care for and rent such property as remains undisposed of and to conclude and execute contracts for the sale of property made during the war.

Mr. LONDON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report:

The Clerk read as follows:

Mr. LONDON offers the following amendment:

Page 4, line 20, insert the following as a substitute for section 5—

Mr. BLACK. Mr. Chairman, I have an amendment to perfect the text.

The CHAIRMAN. The gentleman's amendment is to perfect the text of section 5 as it stands in the bill?

Mr. BLACK. Yes.

The CHAIRMAN. The amendment of the gentleman from New York [Mr. LONDON] will be held in abeyance and the Clerk will report the amendment offered by the gentleman from Texas.

The Clerk read as follows:

Amendment by Mr. BLACK:

Page 4, line 22, after the word "rent" insert "and to sell and convey."

Mr. BARNHART. If the gentleman will permit me, that question was considered by the committee, and they did not think it ought to be put in the bill.

Mr. BLACK. Mr. Chairman, on the statement of the gentleman from Indiana I withdraw the amendment.

Mr. MOORE of Pennsylvania. Mr. Chairman, I renew the amendment.

The CHAIRMAN. The gentleman from Pennsylvania reoffers the amendment of the gentleman from Texas.

Mr. STAFFORD. May we have the amendment reported, Mr. Chairman?

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. MOORE of Pennsylvania: Page 4, line 22, after the word "rent" insert the words "and to sell and convey."

Mr. MOORE of Pennsylvania. Mr. Chairman, I make the suggestion that to the amendment perhaps should be added the words "at not less than cost." I do not know what the committee has to say about this, but the right to sell is a dangerous right when left to the discretion of an officer of the Government. The right to sell ought to be limited definitely by law. Nothing creates so much trouble—

Mr. CLARK of Florida. If the gentleman will permit, I think I can make a statement that will give the gentleman the information as to why we did not include that language. It has never been the policy of Congress to allow a department to sell or convey property without coming to Congress and getting the assent of Congress to sell that particular property at a given price. We thought it would be better to only give him the power to act as the custodian of this property after the war had terminated. Of course to rent it and to collect the rent. Then when an offer was made to purchase any of it let him report it to Congress with the prices and all the circumstances, and let Congress say whether it ought to be sold or not.

Mr. MOORE of Pennsylvania. There is a good deal in what the gentleman has said, but consider the cumbersomeness of that proposition; here would be thousands of separate parcels of real estate, every one of which might be an eyesore, and will be sooner or later, if the buildings are to be but temporary ones, and yet in every instance under that program the Secretary would be obliged to come to Congress and lay before it a recommendation to sell a piece of property worth perhaps \$2,000 or \$3,000.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RUCKER. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes; in a minute. If it was provided that he could sell for not less than cost, from that point of view it would be an aid to the workingman. Personally all things being even I would rather see some of these buildings remain in the hands of the occupants, because if turned back into the hands of the Secretary of Labor they will not only depreciate in value but they will affect detrimentally the surrounding property.

Suppose you put a thousand houses on Mussel Shoals, where I understand some are to go, and after the war is over and you continue that great plant there for fertilizer purposes, pure and simple, the Secretary suddenly orders these ramshackle buildings vacated. What is the effect going to be on surrounding real estate? All the citizens, all the farmers, all those who have attempted substantial improvements will be seriously affected in respect to their land values. Now I will yield to the gentleman from Missouri.

Mr. RUCKER. The gentleman has been discussing the matter I wanted to call attention to. I understand the amendment provides for the sale and conveyance of this property at a price not less than cost.

Mr. MOORE of Pennsylvania. I will suggest a modification of my amendment to that effect. I ask unanimous consent to add to the amendment the words "at not less than cost."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Mr. MOORE of Pennsylvania modifies his amendment by adding at the end the words "at not less than cost."

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. RUCKER. Does not the gentleman think that when he adds those words to his amendment that it will necessarily force Congress to act because the property could not be sold, having been used by the tenants and being only a temporary building—it could not be sold at cost, and it would be equivalent to saying that it could not be sold at all.

Mr. MOORE of Pennsylvania. That would depend on circumstances.

Mr. RUCKER. The gentleman will bear in mind that these buildings are called for more strongly in communities that are not permanent, but where there has been a spasmodic settlement due solely to war activities.

Mr. MOORE of Pennsylvania. Suppose we built a village of temporary buildings somewhere in the wilderness, on the banks of a river where water power could be had and where it was a decided advantage to attempt such a settlement, far removed from the battle front, far removed from the congested centers of population, might it not be wise now that we have the property, with the streets laid out and a community interest there, to allow them to remain and go on with other industries?

Mr. RUCKER. Does not the gentleman think that Congress should exercise its judgment—

Mr. MOORE of Pennsylvania. If some of these activities were to start up in the backwoods of Missouri—

Mr. RUCKER. We have cleaned up all the backwoods in Missouri.

Mr. MOORE of Pennsylvania. But there are remote sections of Missouri. Our modern characterization of the Missourian is a man who "wants to be shown."

Mr. RUCKER. I know that the gentleman must have reverted to some of the beautiful landscapes that he sees up in Pennsylvania.

Mr. BURNETT. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. BURNETT. Does the gentleman want to perpetuate the title in the Government and put it where the Government can never sell? Would not that be the effect of his amendment? Nobody believes that one-tenth of this property could ever be sold for cost, and the amendment of the gentleman would put it where we would have to hold it perpetually. If you put it in the hands of the Secretary with this limitation on it, that will be the effect of it. If the gentleman wants the Government to acquire property up around Philadelphia and always hold it, this would be a good way to bring it about. Is the gentleman working for anything of that kind?

Mr. MOORE of Pennsylvania. I was about convinced by the gentleman's argument until he put forward the selfish point of view, and that destroyed the effect of his argument. I usually follow the gentleman from Alabama cordially, but I can not in this selfish point of view. No; I do not want a lot of Government-owned land around Philadelphia. We have had great difficulty in getting rid of some that we had, because once

in the hands of the Government it seems to remain there forever. There is always some objection to its being sold.

I say I was almost convinced by the gentleman's argument that I ought to withdraw my amendment, because I am not in favor, primarily, of giving too much power to the Secretary of Labor. Having explained the point, I ask unanimous consent to withdraw it, anyhow.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York [Mr. LONDON].

The Clerk read as follows:

Page 4, line 20, strike out section 5 and insert the following in lieu thereof:

"Sec. 5. That the power and authority granted in paragraphs (a), (c), and (d) of section 1 hereof shall cease with the termination of the present war."

Mr. LONDON. Mr. Chairman, the object of this amendment is to restore section 5 as it was in the original bill as drafted by the Secretary of Labor. The effect of the language contained in the bill as reported by the committee and now before the Committee of the Whole House is to make it impossible for the Secretary of Labor to improve the opportunities that will offer themselves to him by reason of being in possession of a number of buildings. The provision as it stands now will compel him to get rid of the property at any price, so that all of the investment will be wasted. The Secretary of Labor was careful to avoid the possibility of being put in that difficult position, and when he drafted the bill he was careful enough to provide that only the power and the authority granted under paragraphs (a), (b), and (d) should cease with the termination of the present war. Let us see what authority paragraph (c) will leave in the Secretary. It would leave in the Secretary the following powers, namely:

(c) To equip, manage, maintain, alter, rent, lease, exchange, sell, and convey such lands, or any right, title, or interest therein, houses, buildings, improvements, local transportation, and other community facilities, parts thereof, and equipment upon such terms and conditions as he may determine.

That would give him the opportunity to retain those buildings which would prove to be of permanent value in permanent communities, to retain those structures which would form a permanent addition to cities. We can not possibly anticipate now the development of the industrial forces that have been called into action by the present contingency. We do not know how long this war will last. It may end any moment or it may become the normal condition of mankind for the rest of our lives. We may have nothing but war during the rest of our days, but we can readily see the contingency arising where the Secretary of Labor will find himself with a number of buildings half completed or fully completed and prevented from exercising any control over them because his power over any of them will expire with the termination of the war if my amendment should be rejected.

Mr. BARNHART. Mr. Chairman, Congress will still be here it is most likely after the war ends, and it might direct the Secretary of Labor how to proceed under these conditions.

Mr. LONDON. I know, but Congress may not be in session when the war will terminate.

Mr. BARNHART. Oh, yes; it will be.

Mr. LONDON. It may not be in session. Secretary Wilson emphasized the importance of retaining the original provision of the bill. I read from page 30 of the hearings, from the testimony of Secretary Wilson. He spoke of the necessity of retaining the powers recited in paragraph (c), and says:

Secretary WILSON. That is one of the things that is in contemplation in permanent communities and where the houses are likely to be used even beyond the period of the war emergency. Provisions can be made by which sales can be made to the workmen of the houses and the sales made on the installment plan, so that they may acquire their own houses. While three of the items in section 1 terminate with the termination of the war—that is, A, B, and D—C may continue, and it is quite apparent that it ought to be continued, because it provides authority to equip, manage, maintain, alter, sell, lease, exchange, or otherwise dispose of the lands, so that even when the emergency is over these lands, if there be any of them, and these houses, if there be any of them, are in the possession of the Government, and the power will be in the Government, where these permanent communities have been established, to dispose of these lands and houses in the manner in which you suggest.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LONDON. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LONDON. Mr. Chairman, the most difficult problems that will face this Congress may present themselves with the

termination of the war, and there is no reason in the world why we should now condemn all of these buildings that will have been constructed at a tremendous cost, why we should waste them in advance, why we should make it impossible for the Secretary of Labor to utilize to the fullest extent the acquired properties when the war is terminated, why he should have to wait 6 or 8 or 10 months for the following session of Congress or be restrained from expending the necessary money to complete such buildings as may be then only partially completed, so as to save the moneys invested in the construction of the buildings.

Mr. ROBBINS. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. ROBBINS. This bill, on page 2, line 25, and on page 3, line 26, contemplates that the buildings are to be of only a temporary character wherever practical so to construct. If that be true, and they be constructed hastily and are of a temporary character, why ought not the power to cease with the proclamation of peace?

Mr. LONDON. During the debate yesterday the chairman of the committee insisted that the language just referred to by the gentleman from Pennsylvania did not confine the Secretary of Labor to the construction of temporary structures under all conditions; that the word "practicable" meant that temporary buildings should be constructed in those cases where only temporary buildings could be constructed advantageously, but where permanent buildings were more advantageous or desirable, taking into consideration the community in which they were to be constructed, permanent buildings were to be constructed. In other words, this bill does not limit the Secretary of Labor to temporary structures.

Mr. ROBBINS. In line with that suggested by my inquiry, this is an emergency measure, the housing to be procured quickly.

Mr. LONDON. I understand that, but when we invest \$100,000,000 in powder we do not expect to follow up that money—that money is gone, blown to atoms—but when we invest \$100,000,000 in buildings it does not necessarily follow that you must necessarily throw away \$100,000,000 if you can save a portion of it. It is not necessary to make temporary buildings when a permanent building can be constructed at almost the same expense and be of greater advantage to the workers in these towns. In other words, we must not assume now that temporary buildings are the only ones that should be constructed.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. CLARK of Florida. Mr. Chairman, I just want to say one word about this: If the amendment of the gentleman from New York should prevail, then after the close of the war we would have the spectacle of the Secretary of Labor running hotels and boarding houses in times of profound peace. We would have the Secretary of Labor engaged in trading and trafficking in street car lines or transportation lines and all that kind of thing. It is the idea of the committee that these activities were only warranted by existing conditions of war, and that when those conditions cease these activities ought to cease, and we give no authority beyond that, except simply the power of a custodian of this property, allowing him to collect rents and make returns and—

Mr. LONDON. Will the gentleman yield?

Mr. CLARK of Florida. I do.

Mr. LONDON. Does the gentleman realize, in view of the large number of men involved, that the very process of demobilizing these large bodies of men will require a considerable time, and that four or five months may pass before the Secretary will be able to remove those people?

Mr. CLARK of Florida. I do; and they will have ample time to do that. This does not mean that the houses will close and the people be put on the streets, because he is given authority to rent—

Mr. LONDON. To sell and rent.

Mr. CLARK of Florida. Not to sell, but to rent until Congress says it wants to sell the property. I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken, and the Chair announced the yeas appeared to have it.

Mr. LONDON. Mr. Chairman, I ask for a division on this.

The committee again divided, and there were—yeas 3, noes 32.

So the amendment was rejected.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last two words. I do this for the purpose of obtaining information about a section considered yesterday, but which was



not touched upon by the committee. I wish to inquire of the chairman of the committee whether in the consideration of the bill any reference was made to the duration of the loans which would be made under the authority of paragraph d, I believe, of the first section?

Mr. CLARK of Florida. I will state to the gentleman, Mr. Chairman, that there is no consideration of that; it is left to the discretion of the Secretary of Labor, of course.

Mr. STAFFORD. I wish to direct the chairman's attention, not for the purpose of offering an amendment—though I would if that section were under consideration—to the fact that when the bill authorizing the Shipping Board to carry on activities of a similar character was under consideration an amendment was adopted by the committee, which was subsequently accepted by the conferees, limiting the duration of the loans to a period of 10 years, the idea being that we should not grant authority to any executive officer to obligate the Government for a long period of years—30, 40, or 50 years—and that there should be some limitation placed as to the length of time. Ten years was considered a reasonable time within which the loans should be made to private individuals.

Mr. CLARK of Florida. I will state, Mr. Chairman, I think the Secretary of Labor can be trusted not to make any loans that would be unreasonable in length, and I am sure he would not make them longer than absolutely necessary.

Mr. STAFFORD. I know it is the intention of the committee, from the expressions made by the chairman and other members of the committee on the amendment which was just considered, to have this authority brought to an end as soon as possible after the termination of the war. That was the very purpose of the amendment I offered to the Shipping Board bill, so we would not be obligated for a long term of years after the war has terminated. If the matter would be brought to the attention of the chairman in conference, would he be in a mood to accept it—

Mr. CLARK of Florida. Undoubtedly.

Mr. BARNHART. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BARNHART. In the event the war might terminate soon, if we fixed the maximum period at 10 years it seems to me that it might influence the Secretary of Labor to feel that he should fix these loans all at 10 years, and we might want to remove them in five or six years, and it would be a waste of money if we had to hold this property and pay interest on it after we were through with it.

Mr. STAFFORD. Here is the proposition: Here are a large number of artisans moving into a new district which is being rapidly peopled by the reason of it being proximate to a new manufactory engaged in war activities.

Buildings are erected of a more or less permanent character. The artisans wish to purchase a home under some loan arrangement. Some might wish to obtain the loan for a period of 10, 15, or 20 years. I think that the Government would be doing all that could be expected of it to make it for 10 years, and if the person could not pay for it in that period—

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. I ask for three minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. STAFFORD. If he could not pay for it in that period, he could go to private sources and obtain it.

Mr. CLARK of Florida. I do not hesitate to say to the gentleman if such an amendment were offered I should certainly accept it, undoubtedly.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

There was no objection.

The Clerk read as follows:

SEC. 6. That at the beginning of each session of Congress the Secretary of Labor shall make to Congress a full and detailed report covering all of the transactions of his department with relation to the subject matter of this act, describing each parcel of land purchased, the improvements made thereon, together with the amount of money spent in connection therewith and the disposition of the same; descriptions of all parcels of property sold, to whom, the terms of sale, and the status of the title at the time of the making of such report; description of each piece of property purchased under the terms of this act and still owned by the Government and the estimated value; a list showing the names of all persons who have been employed in any capacity to aid in carrying out the provisions of this act, the service rendered by each and the amount of compensation paid to each, and a full, detailed, itemized statement showing each and every transaction of the department in the execution of the trust herein created, and immediately after the declaration of peace in the existing war the Secretary of Labor shall make a final report to Congress covering in detail all the operations and transactions of his department, under and by virtue of the terms of this act.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer the amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Pennsylvania: Page 5, line 5, after the word "purchased," insert the words "leased or otherwise acquired."

Mr. MOORE of Pennsylvania. I do not know whether the committee will object to this amendment or not, but provision is made here for describing only such parcel and parcels of land as have been purchased. If a preceding paragraph of the bill provision was made for purchase, lease, requisition, condemnation, and so forth.

Mr. CLARK of Florida. Mr. Chairman, we have no objection to that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The question was taken, and the amendment was agreed to.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word.

The section now under consideration, on line 5, provides that the report shall include a description of each parcel of land purchased, and, as the amendment now reads, "leased or otherwise acquired"; and on line 10 also provides for a description of each piece of property purchased under the terms of this act, which seems to me to be unnecessary and tautological.

Mr. CLARK of Florida. And still owned, the gentleman will notice.

Mr. MOORE of Pennsylvania. Still owned by the Government. Is that the distinction the committee undertook to make?

Mr. CLARK of Florida. Yes, sir.

Mr. MOORE of Pennsylvania. Then, another comment upon this section is that it provides, on lines 7, 8, and 9, for "descriptions of parcels of property sold, to whom, the terms of sale, and the status of the title at the time of the making of such report," so that evidently, whether the gentlemen think the Secretary of the Treasury ought or ought not to sell the property, he is given the power to do it.

Mr. CLARK of Florida. Yes; he is given the power during the existence of the war.

Mr. MOORE of Pennsylvania. What does the gentleman say, then, as to the suggestion that he should be limited in the matter of the price he fixes for the property which is to be sold?

Mr. CLARK of Florida. I will state to the gentleman, Mr. Chairman, that the committee considered that, but here is the difficulty, as all gentlemen must realize: Here is an extraordinary condition. Building material is higher, probably, than it ever was in the world, and labor is higher than it ever was.

Building is extraordinarily expensive. I doubt, to be perfectly frank with the gentleman, if the Government would ever get cost out of any of this construction on that account. And we did not want to limit him to that cost, which might result very seriously to the Government. They might have opportunity to dispose of property to great advantage. And then the depreciation, of course—

Mr. MOORE of Pennsylvania. Let me put this illustration before the gentleman as justifying the thought that there ought to be some limitation here. Suppose they have a thousand houses in an operation, and they are of temporary construction, and the Secretary, exercising his discretion, sells one house in the heart of the thousand, or a dozen houses somewhere where the situation is favorable, and at the termination of the war it develops that these few people own houses there, while the rest of the property is to be disposed of. Would not that operate to prejudice the Government in the disposition of the rest of its property? You give the man a right, in the midst of a large tract you are going to sell, to select a house there and stay there and say, "I will not move now if you want me to move, because I have a fee-simple deed to this property."

Mr. CLARK of Florida. Well, Mr. Chairman, it is supposed, of course, that those who execute this law will have regard to that condition when they undertake to sell property.

Mr. MOORE of Pennsylvania. This bill gives the right to the Secretary to condemn, does it not? Therefore if my house happens to be in the area the Secretary wants to cover, he takes my house and drives me out. Of course, he pays me a price under condemnation proceedings. I have to yield and go away, but if the Government wants to dispose of the whole tract later on, and it is sold by the Secretary to one, two, or three individuals, how is the Government going to dispose of the rest of it without dispossessing those people?

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. I ask the gentleman to answer, if he cares to do so.

Mr. CLARK of Florida. It is utterly impossible for me to answer these hypothetical propositions about what may happen.

We have got to trust the Secretary of Labor in the administration of this law with discretion, and it is presumed he will act with the discretion of an ordinary business man. And I do not believe that he would sell property in the way the gentleman indicates.

Mr. MOORE of Pennsylvania. We must have faith; I grant the gentleman that. I trust the Secretary may be wisely guided in these matters.

Mr. Chairman, I offer the amendment which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MOORE] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Pennsylvania: Page 5, line 15, after the word "compensation," insert the following: "Including fees, commissions, allowances, and traveling expenses."

Mr. MOORE of Pennsylvania. This widens the range of the report submitted.

Mr. CLARK of Florida. If the gentleman will permit me, I think the section is pretty full and complete and will cover that. If the gentleman thinks differently, we are willing to accept it. We want an absolute, clean statement with reference to all these transactions.

Mr. MOORE of Pennsylvania. If the gentleman accepts the amendment, I have no further argument to make.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania [Mr. MOORE].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 7. That no work or contract done or made under or by authority of any provision of this act shall be done or made on or under a percentage or "cost-plus" basis.

Mr. CLARK of Florida. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Florida.

The Clerk read as follows:

Committee amendment: Strike out all of section 7, on page 5, and insert in lieu thereof the following:

"Sec. 7. That no work to be done or contract to be made under or by authority of any provision of this act shall be done or made on a percentage or cost-plus percentage basis, nor shall any contract be let until at least three responsible bidding contractors shall have been notified and considered in connection with such contract."

Mr. MOORE of Pennsylvania. Mr. Chairman, I want to ask the gentleman from Florida if he will agree to go a step further and provide that neighborhood contractors may have the opportunity to compete for this work?

The amendment proposes just what I had in mind to offer as an amendment—that these contracts and these awards of work should be open to competition. The gentleman's amendment goes so far as to open them to competition on the part of at least three contractors, but if the operation is located somewhere in Kentucky, we will say, and each one of the three contractors invited to send in bids is to come from the city of New York, it might not be wholly satisfactory to the contractors of Kentucky, who might have, and ought to have, perhaps, an opportunity to come in and bid for that work.

I have heard considerable complaint, I will say to the gentleman, from small contractors who find that they have no opportunity to bid for work in their own environment, where they are familiar with the prices and the conditions and the labor market. We have instances of at least one or two shipyards fully equipped, with ways constructed and men employed, who are willing to do Government work, but who can not get Government work to do, although they are on the ground and eligible for the purpose. It seems to me that the men in the vicinity of the operation, the known contractors, those who have established reputations and can prove up to who ever is going to be in charge of the work, ought to have an opportunity to come in with the other three to bid on the work. The amendment proposes that there shall be opportunity for at least three persons to bid.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. SNELL. Is it the gentleman's intention that this work shall be divided up into small contracts, so that a man who can do a certain part of the work can have an opportunity to do it?

Mr. MOORE of Pennsylvania. I was asking that the amendment of the gentleman from Florida [Mr. CLARK] be broadened so that those who have establishments and who are equipped to do the work, who know the situation, may have the chance to bid for it. That is all.

Mr. WALDOW. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. WALDOW. Does not the gentleman believe that the preference should be given to local contractors?

Mr. MOORE of Pennsylvania. If a man in the neighborhood can do the work as well and as quickly as the man a thousand miles off, it seems to me that he ought to have an opportunity to do the work. It gives a chance to the men in the vicinity whose plants otherwise might be put out of business.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. BARNHART. Mr. Chairman, the matter of which the gentleman from Pennsylvania [Mr. MOORE] has just spoken was very fully and extensively considered by the committee. Mr. Eldlitz, who was present, assured the committee that local contractors would be given the privilege of bidding on this work and awarded contracts wherever it is possible that they can do the work and expedite construction at the same time. But to insist that a local bidder shall have the privilege of bidding, taking as an illustration these buildings that have been constructed here in the very recent past down on the Mall, there are only one or two firms in the United States who were equipped to go right at it and build those buildings quickly. They had the machinery and the equipment and the labor to rush the work. Under ordinary conditions every provision ought to be made to give the widest possible competition to bidders; and I hope that the men in charge of this new enterprise—for it is new—will be sufficiently liberal and fair-minded that they will not invite a condition whereby contractors from New York will be given the privilege of constructing buildings in Kentucky and Kentucky contractors refused consideration. I can not conceive of any way by which such a thing could arise in the estimation of practical business men, as I believe the men in charge of this undertaking will be. We have the assurance that these men are practical business men and practical builders. We must trust some of these things to the honesty and wisdom of men; because we can not tie them up as we might under ordinary conditions, for the reason that they insist, as we all know, that this undertaking is emergent, and there must be unusual inducement to hurry things. These buildings are needed at the earliest moment possible, and if we have to spend more money than would be ordinarily necessary in order to get them quickly we must do it. It is one of the besetting misfortunes of war.

Mr. MOORE of Pennsylvania. The gentleman would not want to destroy some small builder who was thoroughly capable of doing such work as was assigned to him?

Mr. BARNHART. Not at all.

Mr. MOORE of Pennsylvania. The fact is, and I think the testimony the gentleman has referred to will bear it out, that by yielding these vast contracts to one or two concerns, and then levying an embargo upon all other material, such as lumber and other things that go into these buildings, it is impossible for a small man to operate, and he is really put out of business. I am appealing to the gentleman to give some encouragement to the small operator, in the vicinity of some cantonment for instance, or in the vicinity of some remote operation, if he has the facilities and the men; at present the embargo operates against him.

Mr. BARNHART. I can answer that by referring to some of the evidence given in the hearings. It was to the effect that if in this emergency the Government advertises for bids, as it must do if we are to let this undertaking by contract, then when a contractor sends in his bid the next step is to investigate to see whether he is prepared to do this work, whether he is dependable, and whether he is going to have difficulty before he gets through, and the work will be delayed both in beginning and completion. Under these conditions the Government wants to know the men who take these contracts, for it wants the assurance, based upon past experience of the contractors, that this work will be expedited—rushed through to completion at the earliest possible day.

Mr. HICKS. Will the gentleman yield?

Mr. BARNHART. Yes.

Mr. HICKS. A moment ago the gentleman made mention of the fact that the buildings being constructed on the Mall require a tremendous organization and a large amount of machinery, which we are willing to concede is true; but that argument does not hold good, I imagine, as to a great deal of this work, because in other places they are building smaller units of different kinds of material.

Mr. BARNHART. But the proposition of the gentleman from Pennsylvania [Mr. MOORE] would require that instead of giving this contract down here to men who can do the work quickly, because the need of office room is imperative and urgent, we would have to wait for some Washington contractor to come in and bid, and then consider his bid and investigate his responsi-



bility, and the building would be delayed. It is the "do it now" that our country needs, and that is why contractors who are known to be ready and dependable are needed.

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment offered by the gentleman from Florida [Mr. CLARK].

The committee amendment was agreed to.

The Clerk read as follows:

Sec. 8. That for carrying out the provisions of this act and for the administration thereof the sum of \$50,000,000, or so much thereof as may be necessary, is hereby authorized.

Mr. CLARK of Florida. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Florida offers a committee amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment:

Page 6, line 2, strike out the figures "\$50,000,000" and insert in lieu thereof the figures "\$60,000,000."

Mr. JOHNSON of Washington. Mr. Chairman, I have an amendment to the amendment.

The CHAIRMAN. The gentleman from Washington offers an amendment to the amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JOHNSON of Washington to the committee amendment:

Strike out "\$60,000,000" and insert in lieu thereof "\$25,000,000."

Mr. CLARK of Florida. Mr. Chairman, I certainly hope that amendment will not be adopted. The hearings before this committee showed that if we are to do this work at all it is going to cost many millions more than the \$60,000,000 that we are proposing. It would simply be child's play to start with the authorization of \$25,000,000.

Mr. LONGWORTH. Can the gentleman indicate to the House about how much this may eventually run into?

Mr. CLARK of Florida. The hearings indicated that if the war lasts three or four years it will probably require between \$300,000,000 and \$500,000,000.

I sincerely hope that the amendment of the gentleman from Washington [Mr. JOHNSON] will not be adopted.

Mr. STAFFORD. I should like to be recognized at the proper time in opposition to the amendment offered by the gentleman from Florida.

Mr. JOHNSON of Washington. Mr. Chairman, I have offered this amendment in all seriousness, not expecting, of course, to receive much support for it, for we have ceased to talk or even think in sums of anything less than \$50,000,000. However, half that sum is still a large amount. If you will read the report of the committee you will come to the conclusion that the authorization of \$50,000,000, not \$60,000,000 as now proposed, was to be asked for, and that \$50,000,000 was about as much as the distinguished witnesses before this committee thought they could tap Congress for at this time. Witnesses at the hearings went on to state that they doubted if they could expend that sum during the fiscal year. They would like to get ready for the grand scheme, and they expect to come to Congress for other \$50,000,000 chunks until a stupendous total is reached. I think it is only fair to suggest to the membership of this House that any reasonable sum, one-half—I have put it at fifty-fifty, giving the Government half a chance—is enough to inaugurate the plan, start it, so that we may see how it is going to work and where it is going to end. The Shipping Board's activities, mind you, are not covered in this bill, neither are Army and Navy housing, neither are offices in Washington, and neither is the Arlington Hotel site. That is another story.

Mr. BARNHART. Mr. Chairman, the impression left by the gentleman from Washington [Mr. JOHNSON] is that this bill makes the appropriation. It does nothing of the sort. It merely authorizes the Congress to make such appropriation as it sees fit, and it requires first, under the provisions of this bill that no appropriation can be made until a detailed and specific estimate of the expenditures proposed shall be made and approved by the Congress. I do not see what further safeguards we can place about it.

Mr. STAFFORD. Will the gentleman yield?

Mr. BARNHART. Yes.

Mr. STAFFORD. Where is there any warrant for the gentleman's statement which he just made that there can be no appropriation made until estimates are furnished?

Mr. BARNHART. The amendment offered by the gentleman from Kentucky [Mr. SHERLEY] and adopted just before adjournment yesterday.

Mr. STAFFORD. That is a limitation exclusively to the authorization for housing facilities in the District of Columbia.

I wish it was general; so as to include estimates for all the buildings. I think the gentleman in the discussion before to-day referred to the fact that it included all estimates as authorized under this bill.

Mr. BARNHART. In theory and practice and in congressional procedure it has always been so considered, and ought always to be, that no authorization of any amount by a committee not authorized to make appropriations can get anywhere until the Appropriations Committee reports to the House and asks the approval of the House and makes the appropriation in whole or in part. And at that time Congress will have its day in court. While the amendment offered by the gentleman from Kentucky [Mr. SHERLEY] only covers the District of Columbia, as a matter of fact the rules of the House cover the other provision. The gentleman from Wisconsin as well as older Members know that no authorization ever gets to the stage of appropriation until the House makes it so.

Mr. STAFFORD. But it is not necessary under the phraseology of this bill, if it becomes a law, that any estimate shall be made as a warrant for the housing, community, or transportation facilities outside of the District. The committee under this authorization could bring in a bill without estimates being first furnished. I am in hearty favor of the suggestion of the gentleman that estimates should be made, and I hope some member of the committee will offer an amendment extending the provisions in the amendment of the gentleman from Kentucky.

Mr. BARNHART. That would be true under ordinary conditions, as I said. But here we will have this housing problem coming up here and there all over the country. If we have a detailed statement of every move that is to be made before the appropriation committee acts there would be too much delay. I have no doubt the Appropriation Committee is going to be careful, because it is not the practice of the Appropriation Committee to recklessly make appropriations under authorizations of this kind. If we should require that every time an expenditure is to be made for housing anywhere in the United States, it should first be laid before the Appropriation Committee in the way of detailed specifications and estimates, as set forth in the district where it is directly under the observation of the committee, it would be a delaying proposition.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. I ask that the gentleman's time be extended three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Will the gentleman yield to me?

Mr. BARNHART. I will.

Mr. STAFFORD. If we should require, as the amendment of the gentleman from Kentucky prescribes, that estimates be furnished before the appropriations be made, it would not be necessary, as the gentleman seems to think, that a detailed estimate should be made.

Mr. BARNHART. Mr. Chairman, I ask that the amendment of the gentleman from Kentucky be read.

Mr. STAFFORD. I have the amendment before me. It is as follows:

*Provided further,* That the powers herein authorized shall not be exercised in the housing of Government employees in the District of Columbia except upon detailed estimates and appropriations for such purpose.

I really believe that before we grant to the Secretary of Labor supplementary authority, which is possessed now by the Shipping Board, the War Finance Corporation, to advance moneys for transportation facilities, and also separate authorization for community purposes, that Congress should have some estimate so as to know whether they shall engage in hospital activities or interurban railway activities, so that we can vote intelligently upon the needs of the country in the respective districts and not go wild, as we are doing in many bills with extravagant appropriations.

Mr. MEEKER. Mr. Chairman, I sincerely hope that the amendment offered by the gentleman from Washington [Mr. JOHNSON] will not be agreed to. If there is any fear which I have at the present time it is that these buildings will not be ready soon enough. Those of us who passed through this last winter knowing conditions in some of the cantonments where the work was started late, knowing of the terrible suffering of the men who were sent to some of these cantonments, are eager to see this work started at the earliest possible moment. If these reports were brought back, as suggested by the gentleman from Wisconsin [Mr. STAFFORD], we here in the House might possibly get to the consideration of some of them by July or August. This work should be started to-morrow. We may just

as well admit to ourselves right here and now that we are in for a long, long war, and plan to place our men for a term of years rather than a few weeks or months. It has been my privilege within the last 24 hours to know the thought of a man who has just come back from the other side, who is one of the foremost military authorities on either side of the water, and the things which he has to say as to what we must do in America, and do in the very near future, if I were not an eternal optimist, would be discouraging to say the least.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. MEEKER. Yes.

Mr. STAFFORD. Is the gentleman aware that if the bill passes in its present form the Secretary of Labor will have to come to the appropriate committee before he can take one step?

Mr. MEEKER. I am fully aware of that, and I hope he comes in a hurry and gets it without any talk. [Applause.] Also, I hope that he gets busy immediately, and that the builders are at work within 10 days or two weeks if possible, because, as I said before, we men who have been through a close study of the cantonment problems of the past winter do not want the houses to be prepared for these men left in the condition some of those were during last winter.

Mr. JOHNSON of Washington. This is an authorization for \$50,000,000 and by amendment will be sixty million?

Mr. MEEKER. Yes.

Mr. JOHNSON of Washington. And the hearings disclose the fact that we may be called upon for six or seven times that. Why can we not start with an authorization of twenty-five millions? That is quite a sum of money.

Mr. MEEKER. Oh, it is a very small sum of money when you spread it over the United States, to say the least.

Mr. JOHNSON of Washington. Then, \$50,000,000 is still a small sum of money?

Mr. MEEKER. Certainly it is, and that is the reason I hope the gentleman's amendment will be defeated. If it costs us \$500,000,000 we have to put it up, and do it in a hurry. We want this housing question settled now.

I want to say one thing right here. I hope there will not be quite so much suggestion from the floor of the House by men in civilian clothes as to what the men in military uniforms should do about running this war. There has been a very popular talk lately condemning so-called swivel-chair officers. I think the military authorities know whether a man should be left in a chair in Washington or put on the front in France. This agitation is going to disorganize some of the departments where the men have been working for months to obtain the technical knowledge to carry on just such a war as this, which must be done, and I say it ill becomes those of us who are still wearing civilian clothes to be condemning the men for the things they do or do not do who are in uniform.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. MEEKER. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MEEKER. And this is the last five minutes you will hear out of me on this whole thing. I am going to say this, further. There has been just complaint on the part of men from the inland manufacturing centers against the tendency to let contracts to concerns along the coast. Men who have been studying this question for the last year have been able to see that this congested situation was bound to come. However, the agitation which has been carried on has called the attention of contracting authorities to the necessity for holding back the men in the middle western country, and contracts are being let there more and more each day.

I believe that with the building policy on the one hand, and the new policy on the part of those who have the letting of the contracts on the other, working together or side by side, there is going to be some check of the movement for the transportation of labor to these coast points and these coast cities. It was naturally expected in the beginning of the war that the men who were most ready to take those contracts should get them, and there should be a piling up at such points, but now if the men who represent the middle section of the country will insist on calling the attention of the Government to the necessity and wisdom of letting those contracts in the middle western country, and if the manufacturers of that section will realize that they are now here to take war contracts at the lowest possible figure at which they can turn out the stuff, and that the day of war profiteering, thank God, is past in the bidding for contracts, it will mean a great benefit and advantage to all. Now, Mr. Chairman, we are all bound to make mistakes, but I believe that when

we are considering these great movements that a bill of this kind, which looks to be a very practicable problem, namely, of preserving and maintaining the health and the physical vitality of the men who are to build our ships and manufacture our munitions, that it is just as essential as if we had been asked for an additional \$50,000,000 to take care of the men on the other side. I hope that the amendment that was offered by my friend from California will be defeated, and I hope that the committee is back here in the shortest possible number of hours to get the money so that they may be able to go to work. [Applause.]

Mr. Chairman, I ask unanimous consent to extend my remarks in the Record by inserting a very carefully worked-out full report as to the enlistment and subscriptions for war work of all sorts that have occurred in the city of St. Louis and in the State of Missouri since the war was declared.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record by printing certain statistics. Is there objection? [After a pause.] The Chair hears none.

Mr. MEEKER. Under permission granted me to extend my remarks, I wish to insert in the Record a statement prepared by the St. Louis Chamber of Commerce. This sets forth very clearly and tersely what St. Louis has done in the way of war work and war service.

During the latter part of April of last year I called to pay my respects to the President, and he said to me at that time: "I have received no set of resolutions from any legislative body, either State or municipal, that pledged more cheerfully and unreservedly the support of those for whom they spoke than the resolutions that came from the Board of Aldermen of St. Louis and signed by the mayor of that city."

Without much ado St. Louis has gone about her war tasks with a zeal and an energy that is, indeed, remarkable; and, after all, it is what individuals and citizens do rather than what they merely talk about that will count in winning the war.

While attention is called to the fact that there is a small percentage of "born-in-Germany population," let it be remembered that some of these very citizens have been foremost in our war activities. When you read the report as to the number of naval recruits, it will interest you to know that more than 700 of these recruits were obtained by a citizen by the name of Paul Werner, who has seen service in the German Navy and, since he became naturalized, served a long time in the Navy of the United States. He is now physically disqualified for service, and is a moving-picture machine operator. With his own savings he rented headquarters in South St. Louis and, earning his livelihood at his profession at night, he has spent his days in personally soliciting men for the Navy. More than 700 of his recruits have been accepted and are now in service. On the other hand, some of the very heaviest purchasers of bonds and subscribers to the Red Cross and other war-relief work, not only in St. Louis but in the Middle West, are St. Louis citizens of immediate German parentage.

We have all learned of late that the question of loyalty or disloyalty is not a matter of ancestry. Some of the most active and persistent pacifists—and thereby aids to the Kaiser and his cause—are men and women who have not a drop of German blood in their veins. Loyalty to one's nation is a matter of soul and not of name or flesh.

St. Louis, the all-American city, realizing that she has not done all that she might do, and determined to do more than she has done, calls to her sister cities throughout the Nation to, with her, spend their last ounce of strength, both in resources and in men, to bring victory to our arms at the earliest possible hour. The statement from the chamber of commerce follows:

WHAT EVERY AMERICAN NEWSPAPER PUBLISHER AND EVERY UNITED STATES GOVERNMENT OFFICIAL SHOULD KNOW.

The percentage of population that is foreign born, compared to the total population of this city, proves St. Louis to be a real American city, and coincides exactly with the foremost position St. Louis has taken in enlistments, Red Cross, liberty bonds, war-savings stamps, and all other war activities.

*Foreign-born population.*  
[1910 census.]

	Popula- tion.	Foreign born.	Per cent.
St. Louis.....	687,029	125,706	18
Detroit.....	495,796	156,535	33
Cleveland.....	590,663	195,703	34
Boston.....	670,585	240,722	35
Chicago.....	2,185,283	781,217	35
Bridgeport.....	102,054	36,180	35



**Born-in-Germany population.**

The percentage of population born in Germany is as follows:

	Popula- tion.	German born.	Per cent.
St. Louis.....	687,029	47,766	6.95
Cleveland.....	590,603	41,408	7.38
Cincinnati.....	363,501	28,423	7.81
Chicago.....	2,185,283	182,289	8.34
Detroit.....	465,706	44,675	9.59
Buffalo.....	423,715	43,835	10.34
Milwaukee.....	373,857	64,816	17.33

These figures are compiled from the United States Census Bureau's figures, 1910 statistics, and have been submitted to the Washington authorities, in final answer to the many unjust rumors which, from one source or another, have come to their attention.

**AN AMERICAN CITY.**

Everybody not provincial has known for many years that St. Louis is the most American among the greater cities of the United States. St. Louisans have answered Chicago taunts of greater numbers with the old fable of the lion and the more ferocious wolf. But there is still so much of provincialism abroad, particularly in the East, that the St. Louis Chamber of Commerce has felt it to be necessary to compile comparative statistics showing that the German-born population of St. Louis constitutes a smaller percentage of the St. Louis total than the same population does in either New York, Chicago, Cleveland, or Detroit.

It is the war which makes the native German selected for this comparison. In St. Louis the native Germans are but 0.069 per cent; in Chicago they are 0.08; in Milwaukee, 0.17; in Buffalo, 0.10; and in Cincinnati, 0.07. These decimal fractions in what have long been supposed to be great German centers would indicate that the enemy alien is not as dangerous in numbers as has been supposed, but the more important fact they reveal, in view of provincial hysterics and nightmares, is that St. Louis ranks only seventh among American cities in the number of its German-born population.

In all sorts of foreign-born population St. Louis shows but 18 per cent, while both Chicago and Boston score with 35 per cent, Cleveland with 34, and Detroit with 33. There was a heavy German movement to St. Louis for a half dozen years after the Civil War, which was reflected in the census of 1870, showing this city to be leading for the first time both Chicago and Cincinnati. Emigrant trains were crossing Illinois prairies daily bringing them here by thousands. But that was a long time ago, and not all of them stopped here. The response of St. Louis to every call for troops, money, or supplies is a sufficient test of its Americanism. If more is desired, the chamber of commerce has supplied the conclusive proof. (Globe-Democrat, Mar. 8, 1918.)

St. Louis has not done more than she should, or as much as she expects to do; but her war record to-day is one any American city could be proud of. We want you to look it over as printed, then think of it before you say, or permit others to say, other than good of St. Louis, an American city.

**More than 32,000 St. Louisans in American fighting forces.**

United States Regular Army recruiting:	
Regular Army.....	7,373
National Guard.....	302
National Army.....	1,218
Enlisted Reserve Corps.....	334
Training camp for officers.....	1,281
British recruiting.....	22
Quartermaster and mechanical repair shops of National Army.....	90
United States Marines.....	2,957
United States Navy.....	4,459
Twelfth United States Engineers.....	1,200
First Regiment National Guard (One hundred and thirty-eighth Infantry).....	1,800
Fifth Regiment National Guard (One hundred and thirty-eighth Infantry).....	2,000
First Missouri Field Artillery.....	900
Missouri Signal Corps.....	300
National Army (selective draft).....	4,377
Medical Reserve Corps and medical units.....	1,200
Aviation Service.....	500
Intelligence, Ordnance, Quartermaster, Red Cross, Red Triangle, etc., directly connected with war and war relief work.....	2,000
<b>Total.....</b>	<b>32,313</b>

NOTE.—The figures included in the table are for enlistments from April 1, 1917, to February 28, 1918, and have been prepared on a conservative basis. Wherever there was a possibility of duplication in the constituent service being included in the Regular Army the figures have been omitted from the calculations.

**ONE ST. LOUISAN IN EVERY 24 IN UNITED STATES SERVICE.**

St. Louis has offered 1 person for service in the United States fighting forces out of every 24 of its population. Think that over just a moment.

St. Louis and surrounding country in Missouri has furnished second to the largest number of applicants for the Navy, regardless of size of population. Only New York furnished more applicants.

In December, when the Government asked St. Louis for 1,200 Navy recruits in 30 days, the chamber of commerce raised \$9,500 for handling the campaign advertising, etc., and received more than the desired amount in 15 days, and almost doubled the number in the month.

St. Louis has led the entire United States in marine recruiting. During October the Government limited St. Louis to one recruit a day. Prior to the draft the Nation's volunteer quota was placed at 1 per cent of the population, making St. Louis's quota 8,000. The city supplied 9,730 volunteers for service, an excess of 21.6 per cent.

Ferguson, a St. Louis suburb, perhaps holds the national honors for recruiting. Of its 1,935 inhabitants, 125 enlisted, or 7 per cent of its population. Besides this, Ferguson recruited a home guard company of 100.

Since January 1, 1918, 2,028 have been recruited in St. Louis for the three branches of the service.

**WENT "OVER THE TOP" FOR EVERY CAMPAIGN.**

Liberty loan: Subscribed \$42,000,000 to first loan; quota was \$25,000,000.

Second loan: Subscribed, \$74,000,000; maximum quota, \$68,000,000. The St. Louis district subscribed \$184,280,750; the quota was \$120,000,000, being 54 per cent oversubscribed, which was exactly the oversubscription of the entire loan.

Red Cross: St. Louis raised \$2,000,000; the quota was \$1,000,000.

St. Louis was asked to get 150,000 Red Cross members. The total secured was 242,000.

The southwestern district's quota was 1,162,000 Red Cross members; members secured, 3,250,000.

Again, St. Louis went "over the top" for the Knights of Columbus fund for \$80,000.

St. Louis gave \$51,129,463.83 to the Y. M. C. A. red triangle fund.

St. Louis's subscription to the Young Men's Hebrew Association fund was \$206,000.

St. Louis to date (Mar. 15) has bought \$5,227,000 war savings stamps, having taken up a larger percentage of its quota than any other American city. The State of Missouri is in the same relative position, leading the United States in subscriptions on its quota to date, with sales of \$13,010,256.

**THE AMERICAN CITY.**

St. Louis as well as Cincinnati is still referred to frequently, along with Milwaukee, as one of the "German" cities of America.

There was a time when the reference was justified by the facts. That, although the city remains the headquarters of many religious and other organizations founded by early German settlers, it is no longer accurate is due to the shiftings in population typical of American cities. The large percentage of German residents resulting from the great inrush of German immigrants just before and just after the Civil War has steadily declined because of decrease in those coming here from Germany and increase of native Americans coming from other sections of the Union.

Figures compiled by the Chamber of Commerce show that St. Louis has but 6.9 per cent of persons of German nativity and Cincinnati 7 per cent. The percentage in both cities is exceeded by that in Chicago, Buffalo, and Detroit. The Milwaukee percentage is 17.

St. Louis is not only the least German of the large western cities but it is the most American of all the great centers of the United States. Its percentage of all foreign-born residents is only 18, while that of New York, Boston, and Chicago is 35, that of Cleveland 34, and that of Detroit 33. The impression that it is largely dominated by influences having their origin in the German element is simply a survival of an idea that had some basis of truth in the time of our fathers and grandfathers. Most of the "Germans" we have are Americans. (Post-Dispatch, Mar. 9, 1918.)

**CITY HAD FIRST FOOD-CONSERVATION ORGANIZATION.**

St. Louis had the first food-conservation organization in the United States, and many of the ideas developed by this conservation committee have been nationally adopted, such as the conservation normal school, community canneries, and Hoover lunch rooms. Due to the efforts of this committee there has been a reduction in the city's garbage in six months of a total of 8,000,000 pounds.

Three hundred and forty-two thousand women signed the Hoover pledge in St. Louis—more than any other city, regardless of size.

Last spring St. Louis plowed up 700 acres of back yards and lots for thrift gardens.

More than 1,000 St. Louis boys have enlisted in the Aviation Division. A school for plastic surgery has been established in the city and over 350 officers already trained there.

In one-half day's time St. Louis raised a fund of \$100,000, and inside of 60 days recruited 3,000 men for two home guard regiments, being the first American city to have two regiments of home guards completely equipped, even to machine guns and armored motor cars.

One of the first hospital units to land in France was from St. Louis, which was outfitted by the St. Louis Chapter of the American Red Cross at an expense of \$60,000.

**RED CROSS DOING WONDERFUL WORK IN DISTRICT.**

Five thousand St. Louis women are registered to do knitting, and over 400 work daily in the Red Cross factory here. One thousand women are making Red Cross bandages. St. Louis has a wholesale Red Cross warehouse, supplying five States or 3,000 Red Cross chapters. The headquarters for the entire southwestern division of the American Red Cross are located in St. Louis.

Eight hundred young women have been given a course in nursing by the Red Cross people here and are ready to serve as nurse assistants in France.

Sixty young women have graduated as auto mechanics to serve as ambulance drivers. The local chapter of the American Red Cross is spending on an average of \$30,000 a month.

St. Louis is spending \$100,000 in war camp community service.

St. Louis is selling \$45,000 worth of smileage books.

Three classes of army balloonists have been turned out at the balloon school here, one of the first schools of the sort in the country. This plant is being tripled in size.

Fifteen miles from St. Louis is one of the country's great aviation schools—Scott Field.

Every factory in the St. Louis district—there are 2,450 of them—has a good portion of their capacity given over to war production. Yet there is ample capacity, labor, capital, and housing for increased production of this sort.

**ST. LOUISANS IN FOREGROUND OF WAR HEROES.**

Within five months after the declaration of war St. Louis recruited and equipped an entire additional regiment of National Guards.

The second ambulance corps to land in France was from St. Louis.

One hundred and three St. Louis schools, with 70,000 pupils, are now 100 per cent Red Cross.

Diesel engines, necessary both to submarine and ship construction, are being turned out exclusively in St. Louis in large quantities by the Busch-Sulzer-Diesel Engine Co.

We are not mentioning these things in a bragging way, but simply to show that in the important factors of the war, Red Cross enlistments, Liberty loan, heroism—or whatever the call—St. Louis has answered every fresh demand upon its manhood and womanhood, upon its finances, upon its resources, in a manner that refutes the casual slur of those here and there to the effect that St. Louis is dominated by an alien population and that it is apathetic toward the progress of the war and slow in its exhibit of patriotism.

Compare this record, item by item, with that of any other city, and then judge of St. Louis's patriotism. Read the tables on the front page of this folder and then nail any accusation of foreign influence in connection with the metropolis of the Mississippi Valley, the "city surrounded by the United States."

Not said boastfully, but that the United States may know the truth about St. Louis and Missouri.

ST. LOUIS CHAMBER OF COMMERCE.

The CHAIRMAN. The question is on the amendment to the amendment offered by the gentleman from Washington [Mr. JOHNSON].

The question was taken, and the amendment to the amendment was rejected.

The CHAIRMAN. The question recurs upon the amendment offered by the gentleman from Florida.

The question was taken, and the amendment was agreed to.

Mr. MAPES. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, line 3, after the word "authorize," insert "Provided, That not less than \$10,000,000 of the amount hereby authorized shall be used to build or acquire as herein provided housing accommodations within the District of Columbia."

Mr. MAPES. I am heartily in favor of this bill. It requires no argument to convince anyone at all familiar with the conditions prevailing throughout the country and in the District of Columbia that it is a highly important and necessary piece of legislation. This amendment which I have introduced is in harmony with the one just adopted increasing the amount authorized by the bill from \$50,000,000 to \$60,000,000, which was recommended by the Committee on Public Buildings and Grounds and introduced by the chairman of that committee. The purpose of that amendment was to increase the appropriation so as to make available \$10,000,000 to provide housing accommodations in the District of Columbia. My amendment is for the purpose of incorporating in the bill the specific provision that \$10,000,000 of the amount authorized shall be actually used within the District.

There is now on the calendar a bill reported by the Committee on the District of Columbia which I introduced authorizing an appropriation of \$10,000,000 for this same purpose. If this bill passes with the amendment I have proposed, it will not be necessary to pass the other bill.

It is not necessary to discuss the need of additional housing accommodations within the District with anyone who has lived here, even temporarily, as every Member of the House has, and conditions are getting worse and worse as time goes on.

In a letter of the president of the Civil Service Commission, a copy of which is printed in the hearings held before the committee on this bill, it is stated that 20,000 new Government employees came to Washington last year, who, with their families, increased the population approximately 50,000, and it is estimated that 20,000 more employees, making an increase of another 50,000 to the population, will be added this year, or a total increase of population in two years of 100,000. Contrary to what one might expect, the president of the commission says that the number being appointed to positions is constantly increasing, and that the maximum will not be reached until some time in July.

The letter goes on to state what everyone here knows to be the fact—that many people do not take the civil service examination at all on account of the difficulty of securing suitable living accommodations, and of those who do take the examination and are placed upon the eligible lists practically one-half refuse to accept appointment for the same reason. As the president of the commission well says, it is its duty to furnish eligibles for the necessary Government offices, but it is impossible for the commission to function unless additional housing facilities are provided. That being the case, it necessarily follows that the Government will be hampered in its prosecution of the war unless something is done to provide better housing accommodations for the Government employees and their families. I hope that the chairman of the committee will accept my amendment to make sure that \$10,000,000 of the amount authorized by the bill will be used in the District of Columbia.

Mr. CLARK of Florida. Mr. Chairman, if the gentleman will permit, will the gentleman have any objection to changing his amendment so as to say "not more than \$10,000,000"? If the gentleman will do that, I think the committee will accept it.

Mr. MAPES. My idea was to have the House express the opinion that \$10,000,000 ought to be spent here within the District of Columbia.

Mr. CLARK of Florida. I will say to the gentleman I think we had better leave that in the discretion of the persons who are to execute the law, because we do not know just what ought to be spent here. We could spend \$10,000,000, and I suggest

that the gentleman say not more than \$10,000,000 shall be spent, and I will be very glad to accept the amendment.

Mr. MAPES. It seems to me if that language were adopted there would not be any purpose to my amendment.

Mr. CLARK of Florida. Yes; there would.

Mr. MAPES. My idea is to require \$10,000,000 to be spent in the District of Columbia.

Mr. CLARK of Florida. I will state to the gentleman that would be a clear intimation to the Secretary of Labor that it was the purpose and, I will say to the gentleman, it was the intention of the committee that about \$10,000,000 should be spent in the District of Columbia, and that is the occasion for this amendment which has just been adopted. I do not like to make it mandatory that he should spend that much. It is possible there may not be \$10,000,000 spent altogether; we can not tell; but if you say that he should spend not more than \$10,000,000, that will give him authority to go to that limit in the District of Columbia, and we are perfectly willing to accept it.

Mr. BURNETT. And, in addition to what the chairman has said, I will say to the gentleman that will be an indication of the legislative mind that it is expected that, if it is necessary, up to that amount will be spent, and I think will accomplish what the gentleman has in mind and at the same time without making it peremptory. I think it very likely if these hotel arrangements as spoken of are adopted and some large dormitories are erected, very likely we will get through on half of \$10,000,000, but it gives the right to spend the \$10,000,000 if necessary. But certainly it ought not to be peremptory for him to do it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MAPES. Mr. Chairman, I ask unanimous consent for three minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MAPES. Mr. Chairman, I would like to ask the chairman and other members of the committee if they would be willing to accept the language "\$10,000,000, or so much thereof as may be necessary," shall be spent in the District of Columbia?

Mr. CLARK of Florida. That is all right.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent to modify his amendment so that it will read as the Clerk will report.

The Clerk read as follows:

Mr. MAPES moves to modify his amendment, as follows: "Provided, That \$10,000,000, or so much thereof as may be necessary, of the amount hereby authorized, shall be used to build or acquire, as herein provided, housing accommodations within the District of Columbia."

Mr. CLARK of Florida. The committee will accept that amendment.

Mr. JOHNSON of Washington. Does not the gentleman think that out of \$60,000,000 to be appropriated for the housing made necessary in all parts of the United States, that one-sixth of it is a little bit heavy for the District of Columbia?

Mr. MAPES. No; the gentleman does not. And I will say to the gentleman from Washington that, in my opinion, he need not be alarmed at the amount authorized in this bill. If anything, we ought to authorize a good deal more.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

The question is on the amendment of the gentleman from Michigan [Mr. MAPES].

The question was taken, and the amendment was agreed to.

Mr. CLARK of Florida. Mr. Chairman, I want to ask unanimous consent to have a short letter read to go into the Record.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the letter.

The Clerk read as follows:

ALBANY, N. Y., March 28, 1918.

HON. FRANK CLARK,  
Chairman Committee on Public Buildings and Grounds,  
Office Building, House of Representatives, Washington, D. C.

MY DEAR MR. CLARK: Surrounded as we are by conditions and emergencies that call for the utmost efforts and sacrifices of every patriotic American, and knowing the immense responsibility that you and your committee are continually assuming in the interests of our Government and the democracy and freedom of the world, I want you to know that if there is any way in which I, as an individual or as a public official, can help you in any of your problems, I would consider it a privilege to do so.

My tender of service is not bound by any conditions and is forwarded to you prompted by the patriotic desire which I believe animates every loyal citizen.

Faithfully, yours,

L. F. PILCHER, State Architect.

[Applause.]

Mr. JOHNSON of Washington. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record.

The CHAIRMAN. The gentleman from Washington asks unanimous consent to revise and extend his remarks in the Record. Is there objection?



There was no objection.

Mr. CLARK of Florida. Mr. Chairman, I move that the committee do now rise and report the bill to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. The gentleman moves—

Mr. BARNHART. Just a moment, Mr. Chairman. Was the last amendment offered by the chairman of the committee adopted?

The CHAIRMAN. It was adopted.

The motion was agreed to; and the Speaker having resumed the Chair, Mr. KELLY of Pennsylvania, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10265) to authorize the Secretary of Labor to provide housing, local transportation, and other community facilities for war needs, and had directed him to report the same to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. CLARK of Florida. Mr. Speaker, I move the previous question on the bill and amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. WALSH. Mr. Speaker, I ask for a separate vote on the amendment making an appropriation for the District of Columbia—the Mapes amendment.

The SPEAKER. The gentleman from Massachusetts asks for a separate vote on the amendment appropriating \$10,000,000 for the District of Columbia.

The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. WALSH. Mr. Speaker, I ask for a division.

The committee divided; and there were—ayes 75, noes 7.

So the amendment was agreed to.

The SPEAKER. If no other separate vote is demanded on other amendments, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. CLARK of Florida, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent that gentlemen who have spoken on this bill may have five legislative days in which to extend their remarks.

The SPEAKER. The gentleman from Florida asks unanimous consent that all gentlemen who have spoken on this bill may have five legislative days in which to extend their remarks. Is there objection?

There was no objection.

Mr. POUL. Mr. Speaker, I offer a privileged resolution from the Committee on Rules.

Mr. GILLET. Mr. Speaker, I make the point of order that there is no quorum present.

#### PAY OF RETIRED CHIEF WARRANT OFFICERS, UNITED STATES NAVY.

Mr. PADGETT. Mr. Speaker, will the gentleman from Massachusetts withhold his point until I can present a conference report?

Mr. GILLET. I do.

The SPEAKER. Does the gentleman withhold his point of order?

Mr. GILLET. Yes.

Mr. PADGETT. Mr. Speaker, by direction of the Committee on Naval Affairs, I submit for printing under the rule the conference report and accompanying statement on the bill (S. 3400) to regulate the pay of retired chief warrant officers on active duty.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (S. 3400) to regulate the pay of retired chief warrant officers on active duty.

Following are the conference report and accompanying statement:

#### CONFERENCE REPORT (NO. 455).

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3400) to regulate the pay of retired chief warrant officers on active duty, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House amending the title, and agree to the same.

That the Senate recede from its disagreement to the amendment of the House inserting section 2, and agree to the same with an amendment as follows: In lines 1 and 2 of the engrossed amendments, strike out the words "performed or," and in lieu thereof insert the following: "been on active duty since August 29, 1916, or who"; and the House agree to the same.

L. P. PADGETT,  
J. FRED. C. TALBOTT,  
THOMAS S. BUTLER,

*Managers on the part of the House.*

B. R. TILLMAN,  
CLAUDE A. SWANSON,  
H. C. LODGE,

*Managers on the part of the Senate.*

#### STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 3400) to regulate the pay of retired chief warrant officers on active duty submit the following written statement in explanation of the effect of the action agreed upon and submitted by the accompanying report:

The amendment to the House amendment inserting section 2 makes the provision regulating the pay of retired warrant officers conform to that regulating the pay of retired chief warrant officers by substituting in the beginning of said section 2 the same language as is in section 1.

L. P. PADGETT,  
J. FRED. C. TALBOTT,  
THOMAS S. BUTLER,

*Managers on the part of the House.*

Mr. GILLET. Mr. Speaker, I renew my point of order.

The SPEAKER. The gentleman from Massachusetts renews his point of order that there is no quorum present. Evidently there is not.

Mr. LONDON. Mr. Speaker, I move that the House do now adjourn.

The SPEAKER. The gentleman from New York moves that the House do now adjourn.

#### ORDER OF BUSINESS.

Mr. KITCHIN. One moment. I want to make a statement.

Mr. DENT and Mr. POUL rose.

The SPEAKER. Does the gentleman from Massachusetts withhold?

Mr. GILLET. Yes.

Mr. KITCHIN. I will say to the gentleman from North Carolina [Mr. POUL] and the gentleman from Alabama [Mr. DENT] that I said to the minority leader, Mr. GILLET, an hour or half an hour ago, that we would not take up anything after the housing bill had been finished to-day. I understood then that it would probably take all the afternoon to finish that bill, and some Members have left. I hope the gentleman from North Carolina and the gentleman from Alabama will not insist now upon calling up the measures they have in hand, but will be willing to take them up on Thursday.

Mr. DENT. That is satisfactory to me.

Mr. POUL. That is satisfactory to me. I would like to say a word. I do not know that anything can be accomplished by trying to go faster than you can go, but I want to remind Members of the House of the fact that there are one or two propositions pending that are absolutely necessary to be acted upon; without them the activities of the War Department are being paralyzed. One of them is the quota bill, which we hoped would come up immediately after this bill.

Mr. KITCHIN. I suggest that the gentleman from Massachusetts withdraw his point.

Mr. GILLET. I have done so.

#### EXTENSION OF REMARKS.

Mr. WALDOW. I ask unanimous consent, Mr. Speaker, to revise and extend my remarks in the RECORD.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

#### ENROLLED BILLS SIGNED.

Mr. LAZARO, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 2617. An act to ratify the compact and agreement between the States of Oregon and Washington regarding concur-

rent jurisdiction over the waters of the Columbia River and its tributaries in connection with regulating, protecting, and preserving fish; and

H. R. 10365. An act granting the consent of Congress to the Forsyth special road district of Taney County, Mo., to construct a bridge across White River at Forsyth, Mo.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2469. An act to authorize the change of name of the steamship *Caldera* to *A. T. Kinney*.

#### ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Wednesday, April 3, 1918, at 12 o'clock noon.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. GREENE of Vermont, from the Committee on Military Affairs, to which was referred the bill (S. 3980) to prevent interference with the use of homing pigeons by the United States, to provide a penalty for such interference, and for other purposes, reported the same with amendment, accompanied by a report (No. 449), which said bill and report were referred to the House Calendar.

Mr. BRAND, from the Committee on Banking and Currency, to which was referred the bill (H. R. 11167) to require cashiers, other officers, and employees of a national banking association handling its funds, books, or assets to give bond, reported the same without amendment, accompanied by a report (No. 453), which said bill and report were referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. ANTHONY, from the Committee on Military Affairs, to which was referred the resolution (H. Res. 297) directing the Secretary of War to furnish the House the facts in reference to the issuance of a commission as captain to Herbert A. Meyer, reported the same with amendment, accompanied by a report (No. 454), which said bill and report were referred to the Private Calendar.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. DENT: A bill (H. R. 11185) making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1919, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. WATKINS: A bill (H. R. 11186) providing for an increase of the salary of the United States attorney for the western district of Louisiana; to the Committee on the Judiciary.

By Mr. CURRY of California: A bill (H. R. 11187) to provide for the punishment of disloyalty, sabotage, and acts of terrorism, and for other purposes; to the Committee on the Judiciary.

By Mr. McCORMICK: A bill (H. R. 11188) to amend section 1009 of the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved October 3, 1917; to the Committee on Ways and Means.

By Mr. SEARS: A bill (H. R. 11189) to promote military training by providing scholarships for students enrolled in public institutions of higher learning, and for other purposes; to the Committee on Education.

By Mr. TREADWAY: A bill (H. R. 11190) to amend an act entitled "An act to authorize the establishment of a Bureau of War-Risk Insurance in the Treasury Department," approved September 2, 1914, and an act in amendment thereto approved October 6, 1917; to the Committee on Interstate and Foreign Commerce.

By Mr. POU: Resolution (H. Res. 299) providing for the consideration of S. J. Res. 123; to the Committee on Rules.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK: A bill (H. R. 11191) granting an increase of pension to Urias Moore; to the Committee on Invalid Pensions.

By Mr. COOPER of West Virginia: A bill (H. R. 11192) granting an increase of pension to William J. Van Hoose; to the Committee on Invalid Pensions.

By Mr. DENISON: A bill (H. R. 11193) granting a pension to Catherine Ellis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11194) for the relief of Ferdinand A. Roy; to the Committee on Military Affairs.

Also, a bill (H. R. 11195) granting a pension to Sophronia N. Waite; to the Committee on Invalid Pensions.

By Mr. GILLET: A bill (H. R. 11196) granting a pension to Thomas H. Lillis; to the Committee on Pensions.

By Mr. GREEN of Iowa: A bill (H. R. 11197) granting an increase of pension to John G. Powers; to the Committee on Invalid Pensions.

By Mr. GREENE of Vermont: A bill (H. R. 11198) granting an increase of pension to Charles Plummer; to the Committee on Invalid Pensions.

By Mr. HAMLIN: A bill (H. R. 11199) granting a pension to Sarah Vaughn; to the Committee on Invalid Pensions.

By Mr. KELLY of Pennsylvania: A bill (H. R. 11200) for the relief of William H. Watt; to the Committee on Claims.

By Mr. KENNEDY of Iowa: A bill (H. R. 11201) granting an increase of pension to John Hebenthal; to the Committee on Invalid Pensions.

By Mr. LOBECK: A bill (H. R. 11202) granting a pension to Ida A. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11203) granting an increase of pension to Jacob M. Evans; to the Committee on Invalid Pensions.

By Mr. LONGWORTH: A bill (H. R. 11204) granting an increase of pension to Christopher Kneup; to the Committee on Pensions.

By Mr. O'SHAUNESSY: A bill (H. R. 11205) to transfer George Ufford from the list of chief machinist's mates, United States Navy retired, to the list of chief machinists, United States Navy retired; to the Committee on Naval Affairs.

By Mr. OVERMYER: A bill (H. R. 11206) granting a pension to Harry Hoffman; to the Committee on Pensions.

By Mr. RANDALL: A bill (H. R. 11207) to reimburse Jason J. Green; to the Committee on Claims.

Also, a bill (H. R. 11208) to reimburse Orpha Rebecca Dudley; to the Committee on Claims.

Also, a bill (H. R. 11209) to reimburse John Nave Ellis; to the Committee on Claims.

Also, a bill (H. R. 11210) to reimburse Margaret Elizabeth Ellis; to the Committee on Claims.

By Mr. REED: A bill (H. R. 11211) granting a pension to Carl C. Dunham; to the Committee on Pensions.

By Mr. ROBBINS: A bill (H. R. 11212) granting an increase of pension to James T. Peale; to the Committee on Invalid Pensions.

By Mr. RUSSELL: A bill (H. R. 11213) granting an increase of pension to Thomas P. Pope; to the Committee on Pensions.

By Mr. TOWNER: A bill (H. R. 11214) granting a pension to James F. McIntosh; to the Committee on Pensions.

By Mr. WILSON of Illinois: A bill (H. R. 11215) granting an increase of pension to Elizabeth A. Russell; to the Committee on Invalid Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CHANDLER of Oklahoma: Petition of the citizens of Craig County, Okla., for the regulation of prices of food supplies, fuel, food for live stock, shoes, clothing, farm implements, etc.; to the Committee on Agriculture.

By Mr. NOLAN: Petitions of United Irish Societies of Chicago (Thomas P. Bonfield, secretary), 154 West Randolph Street, Chicago; Ladies' Auxiliary of California, Division No. 12, Ancient Order of Hibernians of America (Winifred Collins, secretary), Hibernian Hall, 454 Valencia Street, San Francisco; and Robert Emmet Division, No. 4, Ladies' Auxiliary in Ancient Order of Hibernians of America (Mary E. O'Connor, secretary), Columbus Hall, 3316 Mission Street, San Francisco, favoring House joint resolution No. 204, by Miss JEANNETTE RANKIN; to the Committee on Foreign Affairs.

By Mr. REED: Papers to accompany House bill 11178, to increase the pension of James McCune, jr.; to the Committee on Invalid Pensions.

By Mr. TOWNER: Petition of 124 citizens of Tingley, Iowa, petitioning Congress for national prohibition during the war and to prevent our grains being sent to England and France for the manufacture of intoxicating liquors; to the Committee on the Judiciary.